RECORD AND BRIEFS

No. 16-784

FILED
JUL 13 2017
OFFICE OF THE CLERK
SUPREME COURT, U.S.

In The
Supreme Court of the United States

MERIT MANAGEMENT GROUP, LP,

Petitioner,

v.

FTI CONSULTING, INC., as Trustee of the Centaur, LLC Litigation Trust,

Respondent.

On Writ Of Certiorari To The United States Court Of Appeals For The Seventh Circuit

JOINT APPENDIX

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Petition For Certiorari Filed December 16, 2016
Certiorari Granted May 1, 2017

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The following opinions and orders have been omitted in printing this joint appendix because they appear on the following pages in the appendix to the petition for a writ of certiorari:

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RELEVANT DOCKET ENTRIES

United States District Court
Northern District of Illinois

Date Filed	#	Docket Text
10/27/2011	1	COMPLAINT filed by FTI Consulting, Inc.; Filing fee $ 350, receipt number 0752-6516027.(Rosenthal, Jason) (Entered: 10/27/2011)
12/07/2011	16	MOTION by Defendant Merit Management Group, LP to dismiss *Complaint* (Swatzell, Jeffrey) (Entered: 12/07/2011)
12/09/2011	19	MOTION by Plaintiff FTI Consulting, Inc. to transfer case *to the Bankruptcy Court Pursuant to Local Rule 40.3.1* (Rosenthal, Jason) (Entered: 12/09/2011)
07/24/2012	28	MINUTE entry before Honorable Joan B. Gottschall: Plaintiff FTI Consulting, Inc.'s motion to transfer case to the bankruptcy court 19 is granted; the case is referred to the United States Bankruptcy Court for the Northern District of Illinois for proposed findings of fact and conclusions of law. [For further detail see separate order(s).] Mailed notice (lp,) (Entered: 07/25/2012)
07/24/2012	29	ORDER Signed by the Honorable Joan B. Gottschall on 7/24/2012: (lp,) (Entered: 07/25/2012)

09/05/2012	32	MOTION by Defendant Merit Management Group, LP to transfer venue (Exhibits). (et,) (Entered: 09/10/2012)
08/05/2014	44	ORDER: Enter Memorandum Opinion & Order. Defendant's motion to dismiss 16 is denied. Defendant's motion to transfer venue 32 is denied. The reference to the bankruptcy court is withdrawn. A status hearing is set for September 5, 2014, at 9:30 a.m. Signed by the Honorable Joan B. Gottschall on 8/5/2014. Mailed notice (ef,) (Entered: 08/05/2014)
08/05/2014	45	MEMORANDUM Opinion and Order Signed by the Honorable Joan B. Gottschall on 8/5/2014. Mailed notice(ef,) (Entered: 08/05/2014)
09/12/2014	52	*Defendant's* ANSWER to Complaint *and Affirmative Defenses* by Merit Management Group, LP(DeJonker, Jason) (Entered: 09/12/2014)
11/05/2014	58	MOTION by Defendant Merit Management Group, LP for judgment on the pleadings (DeJonker, Jason) (Entered: 11/05/2014)
11/05/2014	60	MEMORANDUM by Merit Management Group, LP in support of motion for judgment on the pleadings 58 (Attachments: # 1 Declaration, # 2 Exhibit 1 part 1 of 6, # 3 Exhibit 1 part 2 of 6, # 4 Exhibit 1 part 3 of

		6, # 5 Exhibit 1 part 4 of 6, # 6 Exhibit 1 part 5 of 6, # 7 Exhibit 1 part 6 of 6, # 8 Exhibit 2, # 9 Exhibit 3, # 10 Exhibit 4, # 11 Exhibit 5, # 12 Exhibit 6) (DeJonker, Jason) (Entered: 11/05/2014)
11/06/2014	61	EXHIBIT by Defendant Merit Management Group, LP – *Amended Exhibit 1 to Declaration of Joseph Canfora* regarding memorandum in support of motion, 60 (DeJonker, Jason) (Entered: 11/06/2014)
12/09/2014	65	MEMORANDUM by FTI Consulting, Inc. in Opposition to motion for judgment on the pleadings 58 (Schwegmann, Gregory) (Entered: 12/09/2014)
12/23/2014	66	REPLY by Defendant Merit Management Group, LP to motion for judgment on the pleadings 58, memorandum in opposition to motion 65 (Harney, Christopher) (Entered: 12/23/2014)
10/02/2015	89	MINUTE entry before the Honorable Joan B. Gottschall: Enter Memorandum Opinion and Order. Merit's motion for judgment on the pleadings 58 is granted. The clerk is directed to enter final judgment accordingly. Civil case terminated. Mailed notice (mjc,) (Entered: 10/02/2015)
10/02/2015	90	MEMORANDUM Opinion and Order Signed by the Honorable Joan

		B. Gottschall on 10/2/2015. Mailed notice(mjc,) (Entered: 10/02/2015)
10/02/2015	91	ENTERED JUDGMENT. (mjc,) (Entered: 10/02/2015)
10/02/2015	92	(CORRECTED) ENTERED JUDGMENT in favor of the defendant. (mjc,) (Entered: 10/05/2015)
10/27/2015	93	NOTICE of appeal by FTI Consulting, Inc. regarding orders 92 Filing fee $ 505, receipt number 0752-11230217. (Schwegmann, Gregory) (Entered: 10/27/2015)

RELEVANT DOCKET ENTRIES

Seventh Circuit Court of Appeals

Date Filed	#	Docket Text
10/27/2015	1	Private civil case docketed. Fee paid. Docketing Statement due for Appellant FTI Consulting, Inc. by 11/03/2015. Transcript information sheet due by 11/10/2015. Appellant's brief due on or before 12/07/2015 for FTI Consulting, Inc. [1] [6703482] [15-3388] (CR)
03/30/2016	20	Case heard and taken under advisement by panel: Diane P. Wood, Chief Judge; Richard A. Posner, Circuit Judge and Ilana Diamond Rovner, Circuit Judge. [20] [6739443] [15-3388] (RT)
07/28/2016	23	Filed opinion of the court by Chief Judge Wood. REVERSED and REMANDED. Diane P. Wood, Chief Judge; Richard A. Posner, Circuit Judge and Ilana Diamond Rovner, Circuit Judge. [23] [6771180] [153388] (CAG)
07/28/2016	24	ORDER: Final judgment filed per opinion. With costs: yes. [24] [6771185] [15-3388] (CAG)
08/11/2016	28	Filed Petition for Rehearing and Petition for Rehearing Enbanc by Appellee Merit Management Group, LP. Paper copies due on 08/15/2016 [28] [6774667] [15-3388] (RT)

08/30/2016	32	ORDER: Appellee Merit Management Group, LP Petition for Rehearing and Petition for Rehearing Enbanc is DENIED. [32] [6779130] [15-3388] (CR)
09/07/2016	33	Mandate issued. No record to be returned. [33] [6780463] [15-3388] (CAG)

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION

FTI CONSULTING, INC., as Trustee of the Centaur, LLC Litigation Trust, Plaintiff, v. MERIT MANAGEMENT GROUP, LP, Defendant.	)	Case No.

COMPLAINT

(Filed Oct. 27, 2011)

Plaintiff FTI Consulting, Inc., in its capacity as Trustee of the Centaur, LLC Litigation Trust, brings this action against Defendant Merit Management Group, LP ("Defendant" or "Merit Management") for the avoidance and recovery of a fraudulent transfer, and respectfully states as follows:

I. NATURE OF THE ACTION

1. On October 30, 2007, Valley View Downs, LP ("Valley View Downs") purchased Bedford Downs Management Corporation ("Bedford Downs") by transferring $55 million to its owners, including $16,503,850 to Merit Management for its 30.007% ownership interest in the company.

2. At the time of the transfer, Bedford Downs had no revenue or assets of any worth. Bedford Downs' only "asset" of any conceivable value was its application to win the last harness racing license available in the State of Pennsylvania – a license that Valley View Downs was also pursuing. Valley View Downs essentially paid the owners of Bedford Downs $55 million to bow out of the competition.

3. The price Valley View Downs paid, however, was objectively unreasonable because, among other things, the parties grossly overvalued both the harness racing license and Bedford Downs' application to win the license.

4. Valley View Downs received far less than reasonably equivalent value for the $55 million it paid for Bedford Downs and was insolvent at the time of the transaction. As such, at closing, Valley View Downs fraudulently transferred $55 million to the owners of Bedford Downs, to the detriment of Valley View Downs' creditors.

5. As part of the transaction, Valley View Downs fraudulently transferred $16,503,850 to Merit Management in its capacity as a 30.007% owner of Bedford Downs. The Trustee of the Centaur, LLC Litigation Trust, as assignee of the claims and causes of action pleaded herein, seeks to avoid this transfer as fraudulent pursuant to applicable state and federal law.

II. JURISDICTION AND VENUE

6. This Court has subject matter jurisdiction over this action, which arises under, arises in, and relates to a case under Title 11, pursuant to 28 U.S.C. § 1334. Venue lies in this district pursuant to 28 U.S.C. § 1409.

7. This Court also has subject matter jurisdiction pursuant to (i) 28 U.S.C. § 1331 because this action arises under laws of the United States, 11 U.S.C. §§ 548 and 544; and (ii) 28 U.S.C. § 1332 because the amount in controversy exceeds $75,000 and there is complete diversity of citizenship between Plaintiff and Defendant.

8. This is a core proceeding.

III. PARTIES AND OTHER RELEVANT PERSONS AND ENTITIES

A. PLAINTIFF

9. Plaintiff FTI Consulting, Inc. is the duly authorized and appointed trustee to the Centaur, LLC Litigation Trust (the "Trust"), which, as explained below, was formed pursuant to the confirmed plan of reorganization (the "Confirmed Plan") in In re Centaur, LLC et al., jointly administered under the Case No. 10-10799 in the United States Bankruptcy Court for the District of Delaware (the "Centaur Bankruptcy Case").

10. Pursuant to the Confirmed Plan and the Centaur, LLC Litigation Trust Agreement, the debtors in the Centaur Bankruptcy Case, including Valley

View Downs, transferred to the Trust all of their rights and interests in the "Designated Avoidance Actions," which, as defined in the Confirmed Plan, include the claims and causes of action asserted herein.

B. DEFENDANT

11. Merit Management Group, LP is a limited partnership with its principal place of business located at 760 Village Center Drive, Suite 200, Burr Ridge, Illinois, 60527. Merit Management was a 30.007% owner of Bedford Downs, and as such, received a $16,503,850 fraudulent transfer from Valley View Downs on October 30, 2007, in connection with Valley View Downs' purchase of Bedford Downs.

C. THE CENTAUR DEBTORS

12. On October 28, 2009, Valley View Downs and Centaur PA Land, LP, Pennsylvania limited partnerships, filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. Valley View Downs and Centaur PA Land, LP are wholly owned subsidiaries of Centaur, LLC ("Centaur LLC").

13. On March 6, 2010, Centaur LLC and twelve of its wholly owned subsidiaries also filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. The bankruptcy cases of these debtors, along with the bankruptcy cases of Valley

View Downs and Centaur PA Land, are jointly administered before the Honorable Kevin J. Carey under Case No. 10-10799.

14. Centaur LLC and its subsidiaries are domestic horse racing, off-track betting, and casino operators. At the time of their bankruptcy petitions, Centaur LLC and its subsidiaries owned, operated, and had interests in racing and casino facilities in Indiana and Colorado, and also had a project in-progress in northwest Pennsylvania.

15. At the time that it filed for bankruptcy, Valley View Downs owned a harness racing license and intended to develop a race track with a casino – commonly referred to as a "racino" – to be known as "Valley View Downs," in Lawrence County, Pennsylvania, 55 miles northwest of Pittsburgh. Valley View Downs filed for bankruptcy after failing to secure a required gaming license in the time allotted under the terms of various loan agreements.

IV. FACTUAL BACKGROUND

A. VALLEY VIEW DOWNS AND BEDFORD DOWNS COMPETE FOR PENNSYLVANIA'S LAST HARNESS RACING LICENSE

16. Pennsylvania State Harness Racing Commission (the "Commission") for the State's last available harness racing license [sic]. Shortly thereafter, in early 2003, Bedford Downs submitted an application to the Commission for the same license.

17. The policy of the Commission was to treat applicants as a comparative group, which effectively required the applicants to compete against each other for the only license available. Both applicants submitted detailed proposals to the Commission to construct and operate a so-called, "racino" – a racing facility that had slot machines on the premises.

18. The Commission, however, only had the power to issue harness racing licenses. Therefore, whichever applicant won the harness racing license had to take the further step of applying for and winning a Category 1 Slot License ("Gaming License") from a different administrative body – the Pennsylvania Gaming Control Board (the "Gaming Board") – before it could build its proposed racino.

19. The viability of Valley View Downs' proposal depended upon it obtaining a Gaming License because the majority of its projected revenue derived from the operation of slot machines. Without the Gaming License, the Valley View Downs project was not economically viable.

20. Under the Pennsylvania Gaming Act, holding a harness racing license satisfies a condition precedent to receiving a Gaming License, but it does not guarantee that the holder will receive one. Therefore, winning the harness racing license only represented one step in the path toward building a racino. The winner would still have to jump through several more administrative hoops and risk substantial additional

time and money with no guarantee that its racino would ever become a reality.

B. THE COMMISSION REJECTS BOTH APPLICATIONS

21. On November 5, 2005, the Commission unanimously rejected both Valley View Downs' and Bedford Downs' applications because it had concerns with both of their proposals.

22. The Commission rejected Valley View Downs' application because of certain concerns that it had with Valley View Downs' proposed site and facility design.

23. The Commission rejected Bedford Downs' application because, among other things, it lacked confidence in Bedford Downs' proposed financing.

24. Both parties appealed the Commission's decision and the matter eventually made its way to the Supreme Court of Pennsylvania (the "Supreme Court").

25. On July 2, 2007, the Supreme Court upheld the Commission's denial of both applications but expressly provided both applicants with the opportunity to cure any deficiencies in their original applications and re-apply.

26. The Commission, however, still had no obligation to award the license to either applicant. Pursuant to a Statement of Policy issued by the Commission

in 2003, the Commission was not obligated to issue any license despite the fact that a license was available.

C. VALLEY VIEW DOWNS BUYS OUT BEDFORD DOWNS

27. After the Supreme Court issued its opinion, Valley View Downs decided that it could increase its chances of winning the license by buying out the competition while at the same time addressing some of the deficiencies the Commission found in its original application.

28. To this end, Valley View Downs approached the principals of Bedford Downs and proposed a buy-out. As a result of the brief negotiation that followed, Bedford Downs and Valley View Downs entered into an agreement whereby Bedford Downs agreed to withdraw its application, and, if Valley View Downs was awarded the license, it would buy Bedford Downs for $55 million. In addition, Valley View Downs agreed to purchase the property that Bedford Downs had chosen for its racino for $20 million. According to the terms of the deal, Valley View Downs would continue with its application as the sole applicant and substitute the Bedford Downs property (the "Lawrence County Land") for the site that Valley View Downs had originally chosen.

29. The Commission eventually awarded Valley View Downs a license to build a racetrack on the Lawrence County Land. Valley View Downs then closed the deal to purchase Bedford Downs on October 30, 2007,

by transferring $55 million dollars to its owners, including $16,503,850 to Merit Management.

30. Valley View Downs' fatigue with the application process and its apparent over-eagerness to win the harness racing license resulted in it making an objectively unsound business decision.

31. Even assuming that Valley View Downs would eventually be awarded the Gaming License it needed to open its proposed racino – a license it never managed to obtain – the project was not a sound investment with the inclusion of the additional $55 million debt Valley View incurred as a result of its purchase of Bedford Downs.

32. More importantly, this deal resulted in Valley View Downs fraudulently transferring $55 million dollars to the owners of Bedford Downs to the detriment of all of Valley View Downs' present and future creditors because (i) Valley View Downs was insolvent at the time of the transfer; and (ii) Valley View Downs significantly overpaid for Bedford Downs and, as such, did not receive anywhere near fair consideration or reasonably equivalent value in the transaction.

D. BEDFORD DOWNS WAS WORTH SIGNIFICANTLY LESS THAN $55 MILLION AT THE TIME OF THE TRANSFER

33. Bedford Downs had no streams of revenue and its assets were limited to the following: state trademarks and logos, corporate books and records,

architectural renderings, market studies, professional services related to licensing, and a website. As its assets were of limited, if any, value on the date of the transfer, any objective valuation of Bedford Downs would have put its net worth at a number far below $55 million by October 30, 2007.

34. Valley View Downs essentially paid $55 million dollars for a valueless company. The sole purpose of the transaction was to remove Bedford Downs from the competition for a license that only represented a single step in the long and risky process of opening and operating a racino in Pennsylvania.

35. Under any legitimate valuation methodology, the $55 million dollar price tag for Bedford Downs was objectively unreasonable at the time Valley View Downs purchased it. As such, the $16,503,850 Valley View Downs transferred to Merit Management for its 30.007% ownership interest in Bedford Downs was likewise objectively unreasonable.

E. VALLEY VIEW DOWNS FAILS TO OBTAIN THE GAMING LICENSE

36. On or around October 29, 2007 Valley View Downs submitted its application for the Gaming License to the Gaming Board. The Gaming Board was under no obligation to issue any applicant a license despite the fact that one was available. In connection with the application process, Valley View Downs had to submit to an investigation by the Gaming Board, which Valley View Downs should have understood

could take up to year or more from the date of the application.

37. More than six months after it submitted its application, Valley View Downs still had not been granted the Gaming License. Accordingly, the complex financing package that Valley View Downs had obtained for the racino project was about to expire. Facing the prospect of losing its funding for the project, Valley View Downs requested that the Gaming Board grant it a conditional Gaming License.

38. On or around July 10, 2008, the Gaming Board unanimously denied Valley View Downs' request for a conditional Gaming License, stating that it needed additional time to complete its investigation. Valley View Downs never received the Gaming License and filed for bankruptcy on October 28, 2009.

39. In sum, at the time of Valley View Downs' $55 million transfer to the owners of Bedford Downs, there was absolutely no guarantee that Valley View Downs would be awarded the Gaming License it needed to open its racino. Even if Valley View Downs had received the Gaming License, the project was no longer economically viable due to the massive additional debt it took on to buy out Bedford Downs in its bid to win the harness racing license.

F. VALLEY VIEW DOWNS FILES FOR BANKRUPTCY

40. On October 28, 2009, Valley View Downs filed a petition for Chapter 11 bankruptcy in the United States Bankruptcy Court for the District of Delaware.

41. As part of the bankruptcy proceeding, Valley View Downs' rights to the harness racing license, together with the Lawrence County Land, were sold to the highest bidder, American Harness, for $5.6 million – a small fraction of the $55 million Valley View Downs paid just to eliminate Bedford Downs as a competitor for the license.

42. Because Valley View Downs did not receive reasonably equivalent value in exchange for its $55 million transfer to the owners of Bedford Downs and was insolvent at the time of the transfer, the Trust seeks to avoid the $16,503,850 transfer to Merit Management for its 30.007% ownership interest in Bedford Downs as a fraudulent transfer under both the Bankruptcy Code and applicable state fraudulent transfer law.

V. CAUSES OF ACTION

COUNT ONE: AVOIDANCE OF FRAUDULENT TRANSFER (11 U.S.C. §548(A)(1)(B))

43. Plaintiff repeats and re-alleges the allegations set forth in all preceding paragraphs of this Complaint, as if set forth in full here.

44. Valley View Downs transferred $16,503,850 to Merit Management on October 30, 2007, in exchange for its 30.007% ownership interest in Bedford Downs (the "Fraudulent Transfer").

45. The $16,503,850 that Valley View Downs transferred was property in which Valley View Downs had an interest.

46. At the time of the Fraudulent Transfer, Bedford Downs had little to no net worth, and in any event, was worth significantly less than $55 million dollars. The conclusions drawn by both Valley View Downs and Bedford Downs concerning the value of Bedford Downs at the time of the transfer were objectively unreasonable.

47. The parties also vastly overvalued the harness racing license. Receipt of the harness racing license was merely one step in the path to building a racino and it provided no guarantee that Valley View Downs would be able to complete the project. Valley View Downs' ability to build the racino was contingent upon numerous factors, most notably, its receipt of the Gaming License. Because Valley View Downs' ability to build the racino was uncertain and contingent upon factors outside of its control, it was objectively unreasonable for Valley View Downs to pay $55 million to buy out the owners of Bedford Downs for the sole purpose of getting them out of the competition for the harness racing license.

48. For these and other reasons, Valley View Downs did not receive reasonably equivalent value for the Fraudulent Transfer.

49. Valley View Downs was insolvent at time of the Fraudulent Transfer because, among other things, its liabilities far exceeded its assets when the transfer was made.

50. Accordingly, the Fraudulent Transfer is avoidable under 11 U.S.C. § 548(a)(1)(B) and recoverable under 11 U.S.C. § 550.

51. As a result of the Fraudulent Transfer, Valley View Downs' creditors have been damaged in an amount to be determined at trial.

COUNT TWO: AVOIDANCE OF FRAUDULENT TRANSFER (11 U.S.C. § 544 & PENNSYLVANIA UNIFORM FRAUDULENT TRANSFER ACT § 5105)

52. Plaintiff repeats and re-alleges the allegations set forth in all preceding paragraphs of this Complaint as if fully set forth herein.

53. The Fraudulent Transfer is avoidable under Pennsylvania law by actual creditors holding allowable unsecured claims against Valley View Downs.

54. At the time of the Fraudulent Transfer, Valley View Downs had one or more creditors with claims totaling more than $55 million.

55. Accordingly, the Fraudulent Transfer is avoidable under 11 U.S.C. § 544(b) and § 5105 of the Pennsylvania Uniform Fraudulent Transfer Act.

56. The Trustee may recover the avoided transfer under 11 U.S.C. § 550 and § 5107 of the Pennsylvania Uniform Fraudulent Transfer Act for the benefit of the estate and its creditors.

57. As a result of the Fraudulent Transfer, Valley View's creditors have been damaged in an amount to be determined at trial.

VIII. REQUEST FOR RELIEF

THEREFORE, Plaintiff respectfully prays for judgment in Plaintiff's favor, and against the Defendant as follows:

a) Avoiding as fraudulent the $16,503,850 transfer to Defendant;

b) Awarding Plaintiff the recovery of the property transferred;

c) Awarding Plaintiff its reasonable attorneys' fees and costs incurred in the prosecution of this action to the extent allowed by law or equity; and

d) Awarding Plaintiff prejudgment and post judgment interest at the highest rates allowed by law or equity;

e) Granting Plaintiff such other and further relief, at law or equity, as the Court determines is just and appropriate.

Dated: October 27, 2010 [sic]

Respectfully submitted,

/s/ Jason M. Rosenthal
One of the Attorneys for the Trustee

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(*Pro Hac Vice Applications To Be Filed.)

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FTI CONSULTING, INC., as Trustee of the Centaur, LLC Litigation Trust, Plaintiff, v. MERIT MANAGEMENT GROUP, LP, Defendant.	Case No. 1:11-cv-07670 The Honorable Judge Joan B. Gottschall

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION FOR JUDGMENT ON THE PLEADINGS

(Filed Nov. 5, 2014)

* * *

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* * *

JOINT WRITTEN INSTRUCTIONS AUTHORIZING SECTION 1.07 DISBURSEMENTS

Citizens Bank of Pennsylvania
870 Westminister Street RWR 110
Providence, Rhode Island 02903
Attn: Jean A. Parrillo, Vice President
Facsimile: (401) 455-5279

Stewart Title Guaranty Company
151 N. Delaware, Suite 725
Indianapolis, Indiana 46204
Attn: Lisa L. Ingram, Commercial Escrow Officer
Fax: (317) 713-1950

October 30, 2007

Re: Escrow Agreement by and among Bedford Downs Management Corporation, a Pennsylvania corporation ("*BDMC*"), Valley View Downs, LP, a Permsylvania limited partnership ("*VVD*"), Carmen W. Shick, Kendra A Tabak and Kenneth R. Shick III (collectively, the "*Shicks*"), the individuals and entities who are shareholders of BDMC and who are signatories thereto (the "*Shareholders*") and Citizens Bank of Pennsylvania, a Pennsylvania corporation ("*Citizens Bank*"), dated as of September 4, 2007

Ladies and Gentlemen:

The purpose of this letter is to provide instructions to you with respect to the disbursement of certain funds and certain documents pursuant to the terms and conditions of the Escrow Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to those terms in the Settlement Agreement.

The parties hereby direct Citizens Bank, in its capacity as Escrow Agent, to make the following disbursements:

1. to Carmen W. Shick, Kendra A. Tabak and Kenneth R. Shick III, $19,794,396.29, pursuant to the wire instructions attached hereto as *Exhibit A*;

2. to Centaur PA Land, LP, $0.00, pursuant to the wire instructions attached hereto as *Exhibit B*;

3. to Stewart Title Guaranty Company, $205,603.71, pursuant to the wire instructions attached hereto as *Exhibit C*; and

4. to Carmen Shick, as shareholders' representative, $47,500,000.00, pursuant to the wire instructions attached hereto as *Exhibit D.*

The remaining balance of $7,500,000.00 shall be retained by Citizens Bank, pursuant to and in accordance with the terms of the Escrow Agreement.

The parties hereby direct Stewart Title Guaranty Company, in its capacity as Escrow Agent, to make the following disbursements:

1. to VVD, the Escrow Documents and Releases.

The parties agree that this letter may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement and that facsimile transmission of a counterpart hereto shall constitute an original hereof.

Sincerely,

VALLEY VIEW DOWNS, LP

By: /s/ Roderick J. Ratcliff
Roderick J. Ratcliff,
Chief Executive Officer

Carmen W. Shick,
Shareholders' Representative
and individually

* * *

* * *

October 25, 2007

Via Facsimile

Lisa L. Ingram
Commercial Escrow Officer
Stewart Title Guaranty Company
151 N. Delaware, Suite 725
Indianapolis, Indiana 46204
Fax: 317-713-1950

Jean A. Parrillo
Vice President
Citizens Bank of Pennsylvania
870 Westminster Street RWR 110
Providence, Rhode Island 02903
Fax: 401-455-5279

RE: Escrow Agreement, executed by and among Bedford Downs Management Corporation, a Pennsylvania corporation ("*BDMC*"), Valley View Downs, LP, an Pennsylvania limited partnership ("*VVD*"), Carmen W. Shick, Kendra A. Tabak and Kenneth

R. Shick III (collectively, the "*Shicks*"), the individuals and entities who are shareholders of BDMC and who are signatories thereto (the "*Shareholders*"), and Citizens Bank of Pennsylvania, an Pennsylvania banking corporation ("*Citizens Bank*"), as of September 4, 2007, a copy of which is attached hereto as *Exhibit A* (the "*Escrow Agreement*")

JOINT ESCROW INSTRUCTIONS

Ladies and Gentlemen:

As you know, the firm of Ice Miller LLP ("*IM*") represents VVD in connection with the Proposed Acquisition, and the firm of Meyer, Unkovic & Scott LLP ("*MUS*") represents BDMC, the Shicks and the Shareholders in connection with the Proposed Acquisition. This correspondence represents joint instructions ("*Instructions*") from IM and MUS to Citizens Bank and Stewart Title Guaranty Company ("*Stewart*"), to be carried out in connection with the closing of the Proposed Acquisition. Upon receipt and review of these Instructions, please indicate your acceptance of these Instructions by signing the acceptance and acknowledgement provided below and return executed copies of the same to TM and MUS via facsimile according to the numbers listed below. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Escrow Agreement.

I. *DEPOSITS.* Prior to the date hereof, and pursuant to the Escrow Agreement, BDMC, Shicks and/or Shareholders have deposited into escrow with Citizens

Bank Escrow Documents. Because Stewart is the insurer of VVD's title in connection with the Proposed Acquisition, the parties hereby appoint Stewart as the "Escrow Agent" with respect to the delivery of the Escrow Documents and the Releases, while Citizens Bank shall remain the "Escrow Agent" for all other purposes contemplated by the Escrow Agreement. In all respects relative to the duties of the Escrow Agent with respect to the Escrow Documents or Acquisition Documents (as defined herein), Stewart agrees to be bound by the terms of the Escrow Agreement.

II. *INSTRUCTION TO CITIZENS BANK.* IM and MUS hereby instruct and direct Citizens Bank to immediately deliver by overnight courier to Stewart, at the address provided above and to the attention of Lisa Ingram, all of the Escrow Documents and Releases currently in its possession (collectively, the "*Acquisition Deposits*"), which Stewart shall hold in escrow subject to and in accordance with the terms of these Instructions.

III. *RELEASE OF ACQUISITION DEPOSITS.* The parties hereto acknowledge and agree that Stewart shall [sic] responsible for the release or return of the Acquisition Deposits and Escrow Documents in accordance with *Section 3* of the Escrow Agreement and any subsequent Consummation Notice given thereunder, and Citizens Bank shall remain responsible for all other duties and obligations of the "Escrow Agent" set forth in the Escrow Agreement pursuant to *Section 3* of the Escrow Agreement or otherwise (including but

not limited to the duty and obligation to accept deposits and release funds pursuant to the Escrow Agreement) and any subsequent Consummation Notice given thereunder.

IV. *GENERAL PROVISIONS.*

A. Except as modified by these Instructions, the Escrow Agreement shall remain in full force and effect. If there is a conflict between the terms of these Instructions and the terms of the Escrow Agreement, the terms of these Instructions shall govern.

B. These Instructions may be executed in counterparts, which taken together shall constitute one and the same instrument.

C. Any amendment or supplement to these Instructions shall be in a writing signed by, or email sent by, the undersigned.

D. These Instructions shall be construed in accordance with the laws of the Commonwealth of Pennsylvania.

E. No claim of default shall be valid if the party making same is itself in default, unless said default is caused by a failure of the other party to take some action required hereunder.

[SIGNATURES ON FOLLOWING PAGE]

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* * *

CLOSING STATEMENT (BDMC SHARES)

Sellers:	Carmen W. Shick, as Shareholders' Representative for all of the Shareholders of Bedford Downs Management Corporation, a Pennsylvania corporation ("*BDMC*")
Buyer:	Valley View Downs, LP
Property:	All of the issued and outstanding shares of BDMC
Closing Date:	October 30, 2007

Purchase Price:	$ 55,000,000.00
Total Purchase Price:	**$ 55,000,000.00**
Total amount due from Buyer:	**$ 55,000,000.00**
Less Indemnity Holdback Deposit:	$ 7,500,000.00
Subtotal:	**$ 47,500,000.00**
Total amount due to Seller:	**$ 47,500,000.00**

[SIGNATURE PAGE FOLLOWS]

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ACKNOWLEDGMENT AND RECEIPT

The undersigned, being the duly authorized representative ("*Shareholders' Representative*") of all of the shareholders of Bedford Downs Management Corporation, a Pennsylvania corporation ("*BDMC*"), hereby acknowledges the receipt from Valley View Downs, LP, a Pennsylvania limited partnership ("*VVD*"), pursuant

to that certain Settlement Agreement, dated as of August 14, 2007 (the "*Settlement Agreement*"), by and among BDMC, VVD, Carmen W. Shick, Kendra A. Tabak and Kenneth R. Shick III, and the individuals and entities who are shareholders of BDMC and who are signatories to the Settlement Agreement, and for certain limited purposes specified therein, Merit Management Group Limited Partnership, a Nevada limited partnership ("*Merit*") and the individuals and entities who are partners of Merit and who are signatories to the Settlement Agreement, of $47,500,000, representing the Aggregate Share Purchase Price (as defined in the Settlement Agreement) of $55,000,000 less the Indemnity Deposit (as defined in the Settlement Agreement) of $7,500,000.

IN WITNESS WHEREOF, the Shareholders' Representative has executed this Acknowledgment and Receipt as of the ___ day of October, 2007.

/s/ Carmen W. Schick
Carmen W. Schick,
Shareholders' Representative

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* * *

STOCK POWER

FOR VALUE RECEIVED, I, **MALVERN BURROUGHS**, do hereby assign and transfer Four Hundred Ninety-Six (496) shares of the Common Stock of BEDFORD DOWNS MANAGEMENT CORPORATION, a Pennsylvania corporation (the "Corporation"),

to **VALLEY VIEW DOWNS, LP**. The aforesaid Four Hundred Ninety-Six (496) shares of the Common Stock of the Corporation are represented by BEDFORD DOWNS MANAGEMENT CORPORATION Certificate No. CS 4 standing in my name on the books of the Corporation.

I do irrevocably constitute ___ attorney to transfer said stock on the books of BEDFORD DOWNS MANAGEMENT CORPORATION with full power of substitution in the premises. Simultaneously with delivery of this Stock Power, the undersigned hereby tenders to the Corporation said Certificate No. CS 4.

Dated as of August 31, 2007.

/s/ Malvern Burroughs
Malvern Burroughs

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* * *

STOCK POWER

FOR VALUE RECEIVED, I, **CARMEN W. SHICK**, do hereby assign and transfer One Thousand (1,000) shares of the Common Stock of BEDFORD DOWNS MANAGEMENT CORPORATION, a Pennsylvania corporation (the "Corporation") to **VALLEY VIEW DOWNS, LP**. The aforesaid One Thousand (1,000) shares of the Common Stock are represented by BEDFORD DOWNS MANAGEMENT CORPORATION Certificate No. CS 18, standing in my name on the books of the Corporation.

I do irrevocably constitute ___ attorney to transfer said stock on the books of BEDFORD DOWNS MANAGEMENT CORPORATION with full power of substitution in the premises. Simultaneously with delivery of this Stock Power, the undersigned hereby tenders to the Corporation said Certificate No. CS 18.

Dated as of August 31, 2007.

/s/ Carmen W. Shick
Carmen W. Shick

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STOCK POWER

FOR VALUE RECEIVED, I, **KENNETH R. SHICK, III**, do hereby assign and transfer One Thousand (1,000) shares of the Common Stock of BEDFORD DOWNS MANAGEMENT CORPORATION, a Pennsylvania corporation (the "Corporation") to **VALLEY VIEW DOWNS, LP**. The aforesaid One Thousand (1,000) shares of the Common Stock are represented by BEDFORD DOWNS MANAGEMENT CORPORATION Certificate No. CS 19, standing in my name on the books of the Corporation.

I do irrevocably constitute ___ attorney to transfer. said stock on the books of BEDFORD DOWNS MANAGEMENT CORPORATION with full power of substitution in the premises. Simultaneously with delivery

of this Stock Power, the undersigned hereby tenders to the Corporation said Certificate No. CS 19.

Dated as of August 31, 2007.

/s/ Kenneth R. Shick III
Kenneth R. Shick III

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STOCK POWER

FOR VALUE RECEIVED, I, **KENDRA A. TABAK**, do hereby assign and transfer One Thousand (1,000) shares of the Common Stock of BEDFORD DOWNS MANAGEMENT CORPORATION, a Pennsylvania corporation (the "Corporation") to **VALLEY VIEW DOWNS, LP**. The aforesaid One Thousand (1,000) shares of the Common Stock are represented by BEDFORD DOWNS MANAGEMENT CORPORATION Certificate No. CS 20, standing in my name on the books of the Corporation.

I do irrevocably constitute ___ attorney to transfer said stock on the books of BEDFORD DOWNS MANAGEMENT CORPORATION with full power of substitution in the premises. Simultaneously with delivery of this Stock Power, the undersigned hereby tenders to the Corporation said Certificate No. CS 20.

Dated as of August 31, 2007.

/s/ Kendra A. Tabak
Kendra A. Tabak

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* * *

STOCK POWER

FOR VALUE RECEIVED, **MERIT MANAGEMENT GROUP, LP**, does hereby assign and transfer One Thousand Six Hundred Six (1606) shares of the Common Stock of BEDFORD DOWNS MANAGEMENT CORPORATION, a Pennsylvania corporation (the "Corporation") are represented by BEDFORD DOWNS MANAGEMENT CORPORATION Certificate No. CS 21, standing in its name on the books of the Corporation.

MERIT MANAGEMENT GROUP, LP does irrevocably constitute ___ attorney to transfer said stock on the books of BEDFORD DOWNS MANAGEMENT CORPORATION with full power of substitution in the premises. Simultaneously with delivery of this Stock Power, the undersigned hereby tenders to the Corporation said Certificate No. CS 21.

Dated as of August 31, 2007

MERIT MANAGEMENT GROUP, LP

By: /s/ Joseph J. Canfora
Name: Joseph J. Canfora
Title: Chief Operating Officer

* * *

CONSENT BY SHAREHOLDERS AND DIRECTORS
OF
BEDFORD DOWNS MANAGEMENT COMPANY
(the "Corporation")

WHEREAS, upon such terms and conditions as set forth in that certain Settlement Agreement (the form of each of which has been heretofore reviewed) (the "*Settlement Agreement*"), to be entered into by and among Valley View Downs, LP ("*Valley View*"), the Corporation, Carmen W. Shick, Kenneth R. Shick, III, Kendra A. Tabak, Malvern Burroughs, Frank G. Salpietro, Robert Bork, Ann McGovern, Jerry Monahan, Thomas Hicks, Julie A. King, Monica Kline, John Kline, Edward Tracey, and Merit Management Group Limited Partnership (each such person is individually a "*Shareholder*" and collectively the "*Shareholders*"), the Shareholders desire to sell all of their stock of the Corporation to Valley View; and

WHEREAS, in connection with the Settlement Agreement it is contemplated that the following documents and agreements, among others, will be executed and delivered (the form of each of which has been heretofore reviewed) (collectively the "*Related Documents*"): (i) Escrow Agreement; and (ii) Real Estate Purchase Agreement; and

WHEREAS, the transactions contemplated by the Settlement Agreement and the Related Documents are hereinafter collectively referred to as the "*Transactions*"; and

WHEREAS, the Shareholders and Directors of the Corporation desire to enter into this Consent in lieu of holding meetings of the Shareholders and the Directors of the Corporation; and

WHEREAS, the undersigned are all of the shareholders and Directors of the Corporation.

NOW, THEREFORE, for the consideration set forth herein and other valuable consideration, and with the intent to be legally bound, the parties hereby consent and agree as follows:

1. Any one officer of the Corporation (each an "*Authorized Officer*") be, and each hereby is, authorized and empowered, in the name and on behalf of. the Corporation, to take any and all actions necessary and/or desirable to consummate the Transactions. In connection therewith, the Settlement Agreement and all of the Related Documents to which the Corporation is a party, are approved and adopted, in the forms heretofore reviewed, with such changes as any one Authorized Officer shall, in his sole discretion, deem necessary or desirable to carry out and consummate the Transactions. Any one Authorized Officer be, and each hereby is, authorized and empowered, in the name and on behalf of the Corporation, to execute, acknowledge, accept and/or deliver the Settlement Agreement, the Related Documents and any and all other resolutions, assignments, deeds, certificates, agreements, instruments, guarantees and/or other documents which may be necessary or desirable pursuant to or in connection with the Transactions, all upon such

terms and conditions as such Authorized Officer shall deem necessary or desirable to carry out and consummate the Transactions and/or to carry out the full intent and purpose of these resolutions, the necessity or desirability of which shall be conclusively evidenced by said Authorized Officer's execution, acknowledgment, acceptance and/or delivery thereof.

2. The Series A Preferred Stock of the Corporation and Series B Preferred Stock of the Corporation are hereby converted to Common Stock. If, to effect said conversion, it is deemed necessary or desirable, any Authorized Officer be, and each hereby is, authorized and empowered, in the name and on behalf of the Corporation, to file an Amendment to the Articles of Incorporation of the Corporation with the Secretary of State. Upon said conversion, Merit Management Group Limited Partnership ("*Merit*") shall be deemed to hold thirty percent (30%) of the outstanding Common Stock of the Corporation, on a fully diluted basis.

3. Each Shareholder hereby waives any and all rights of first refusal, rights second refusal, or any other right to acquire shares, as set forth in: that certain Shareholders Agreement, dated February 15, 2005 (the "*Shareholders Agreement*"), that may arise as a result of the Transactions.

4. Carmen W. Shick, is hereby irrevocably constituted and appointed as Shareholders' Representative, agent and attorney in fact for and on behalf of each of the Shareholders, as contemplated by the Settlement Agreement, for the purpose of distributing any and all

proceeds from the Transactions to the Shareholders after the proceeds are released from escrow. All decisions made by the Shareholders' Representative shall be binding upon each shareholder.

5. The Shareholders hereby agree that upon receipt of the initial disbursement of funds from escrow, as contemplated by Section 1.07(a) of the Settlement Agreement, the Shareholders Agreement will automatically be terminated and of no further force or effect.

6. Merit hereby agrees that upon receipt of the initial disbursement of funds from escrow, as contemplated by Section 1.07(a) of the Settlement Agreement, that certain Casino Management Agreement, dated February 15, 2005, will automatically be terminated and of no further force or effect.

DATED as of the 15th day of August, 2007.

/s/ Joseph Canfora
Joseph Canfora
Director

/s/ Harlan Oppenheim
Harlan Oppenheim
Director

/s/ _____
John DeCaro
Director

/s/ _____
Carmen W. Shick
Shareholder and Director

* * *

* * *

ESCROW AGREEMENT

This Escrow Agreement (this "*Agreement*") dated as of September 4, 2007, is made and entered into by and among Bedford Downs Management Corporation, a Pennsylvania corporation ("*BDMC*"), Valley View Downs, LP, a Pennsylvania limited partnership ("*VVD*"), Carmen W. Shick, Kendra A. Tabak and Kenneth R. Shick III (collectively, the "*Shicks*"), the individuals and entities who are shareholders of BDMC and who are signatories to this Agreement (collectively, including the Shicks in such capacity, the "*Shareholders*"), and Citizens Banks [sic] of Pennsylvania, a Pennsylvania banking corporation (the "*Escrow Agent*"). All references to dollars or $ in this Agreement are to United States dollars, unless otherwise stated herein. All terms not defined herein have the meaning ascribed to them in the Settlement Agreement (as defined herein).

Background Information

A. BDMC, VVD, the Shicks and the Shareholders are parties to a settlement agreement, dated as of August 14, 2007 (the "*Settlement Agreement*") pursuant to which VVD will acquire (a) all of the Shares of BDMC from the Shareholders and the Real Property from the Shicks (the "*Proposed Acquisition*") or, alternatively, (b) only all of the Shares of BDMC from the Shareholders (the "*Alternative Transaction*").

B. The Settlement Agreement requires the Shicks to deposit the Real Property Transfer Documents upon execution of a Real Estate Agreement. The Settlement Agreement further requires, upon execution of this Agreement, each of the Shareholders to deposit certificates representing all of the Shares owned by such Shareholder, duly endorsed for transfer to VVD, or accompanied by appropriate stock powers duly endorsed in blank (the "*Share Certificates*"). The Real Property Transfer Documents and the Share Certificates are to be deposited with an independent third party escrow agent to be held by such escrow agent pursuant to the terms of the Settlement Agreement and this Agreement.

C. The Settlement Agreement further requires VVD, subject to *Section 1.08* of the Settlement Agreement, on or prior to the Escrow Deposit Date, to deposit or cause to be deposited the Escrow Amount with an independent third party escrow agent in an escrow account to be held and disbursed pursuant to the terms and conditions of the Settlement Agreement and the Escrow Agreement.

D. The parties desire to appoint the Escrow Agent to act as the escrow agent for the Escrow Property (as herein defined) and the Escrow Agent desires to accept such appointment in each case on the terms and conditions set forth in this Agreement.

Agreement

In consideration of the premises and the mutual promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, the parties agree as follows:

Section 1. *Appointment of Escrow Agent; Establishment of Escrow Account.* BDMC, VVD, the Shicks and the Shareholders each hereby appoints the Escrow Agent to act as escrow agent pursuant to the terms and conditions of this Agreement, and the Escrow Agent hereby accepts such appointment. On the date hereof, the Shicks shall deliver the Real Property Transfer Documents to the Escrow Agent, and the Shareholders shall deliver the Share Certificates to the Escrow Agent (collectively, the "*Escrow Documents*"). In addition, at or prior to Closing, the Shareholders shall deliver to the Escrow Agent releases with respect to any liabilities of BDMC owed to Third Party BDMC Creditors (as defined below), which are reasonably acceptable to VVD, and which recite at a minimum that (i) BDMC has no liability to such Third Party BDMC Creditor, or (ii) that upon payment as contemplated in *Section 3(a)(iii)*, BDMC has and will have no further liability to such Third Party BDMC Creditor, who in the event of a payment as contemplated in Section 3(a)(iii) shall covenant to deliver to BDMC at Closing written confirmation of receipt of such payment, if any (the "*Releases*"). On the Escrow Deposit Date, VVD shall deliver or cause to be delivered to the Escrow Agent the Escrow Amount in the form of cash, certified

funds, or an irrevocable letter of credit in favor of the Escrow Agent for the benefit of BDMC, the Shicks and the Shareholders (the "*Escrow Amount*" and collectively with the Escrow Documents, the "*Escrow Property*"). The Escrow Agent shall deposit the Escrow Amount in a separate interest-bearing escrow account (the "*Escrow Account*") and shall hold, administer and dispose of the Escrow Property in accordance with the terms and conditions hereinafter set forth.

Section 2. *Investment of Escrow Funds.*

(a) The Escrow Agent shall act as custodian of the Escrow Amount and shall from time to time invest and reinvest the Escrow Amount, and any portion thereof remaining after the release of certain Escrow Property at Closing as described in *Section 3(a)*, in the CitizensSelect Prime A Fund unless otherwise directed by Shareholders' Representative, or if the designation of the Shareholders' Representative is revoked pursuant to Section 1.05(b) of the Settlement Agreement, a majority in interest of the Shareholders. In the event that the Escrow Agent does not receive directions to invest funds held in the Escrow Account, the Escrow Agent shall invest such funds in the CitizensSelect Prime A Fund, or a successor or similar investment offered by the Escrow Agent. The Escrow Amount, together with all accrued earnings thereon, shall be known as the "*Escrow Funds*." The Escrow Agent shall have the power to sell or liquidate the investments in which the Escrow Funds are invested whenever the Escrow Agent shall be required to release all or any

portion of the Escrow Amount or Escrow Funds pursuant to *Section 3*. The Escrow Agent shall have no responsibility for any investment losses resulting from the investment, reinvestment or liquidation of the Escrow Amount if invested as directed.

(b) The party hereto which ultimately receives the income earned on the Escrow Amount shall be responsible for the payment of all taxes thereon. In the event that any earnings remain undistributed at the end of any calendar year, Escrow Agent shall report to the Internal Revenue Service, or such other authority as it deems appropriate, such earnings as it deems appropriate or as required by any applicable law or regulation or, to the extent consistent therewith, as directed in writing by the parties. Prior to Closing, in the absence of such written directions, undistributed earnings will be attributed to and reported (i) if VVD elects to acquire the Real Property pursuant to the terms of the Settlement Agreement, (A) 26.67% as belonging to the Shicks and (B) 73.33% as belonging to the Shareholders on the basis of their respective Pro Rata Shares, or (b) if VVD elects not to acquire the Real Property pursuant to the terms of the Settlement Agreement, as belonging to the Shareholders on the basis of their respective Pro Rata Shares. After Closing, in the absence of such written directions, undistributed earnings will be attributed to and reported as belonging to the Shareholders on the basis of their respective Pro Rata Shares. In addition, the Escrow Agent shall withhold any taxes it deems appropriate

and shall remit such taxes to the appropriate authorities, if appropriate.

Section 3. *Release of the Escrow Property.*

(a) *Release of Certain Escrow Property at Closing.* No later than one (1) Business Day prior to the consummation of the Proposed Acquisition or the Alternative Transaction, as applicable, VVD, the Shicks and the Shareholders' Representative, or a majority in interest of the Shareholders if the designation of the Shareholders' Representative is revoked pursuant to Section 1.05(b) of the Settlement Agreement, shall deliver to the Escrow Agent a joint written notice (which may be signed in counterparts) (the "*Consummation Notice*"), which notice shall include instructions as to the timing and delivery of the Escrow Funds and Escrow Documents as of the Closing. Following receipt of the Consummation Notice and at Closing:

(i) if the parties are consummating the Proposed Acquisition, the Escrow Agent shall take all of the following interdependent steps simultaneously: (A) release to the Shareholders' Representative, Forty-Seven Million Five Hundred Thousand Dollars ($47,500,000), or if the designation of the Shareholders' Representative has been revoked pursuant to Section 1.05(b) of the Settlement Agreement, release to each Shareholder, an amount equal to Forty-Seven Million Five Hundred Thousand Dollars ($47,500,000) multiplied by such Shareholder's Pro Rata Share, as set forth in *Exhibit 3(a)* attached hereto, less payments made to Third Party Creditors pursuant to

Section 3(a)(iii) below, if any, (B) release to VVD the Escrow Documents and Releases (including written confirmations of receipt of funds by Third Party BDMC Creditors, if any), (C) release to the Shicks Twenty Million Dollars ($20,000,000.00), less all prorations due to the Buyer (as defined in the Real Estate Agreement) under the Real Estate Agreement, (D) release to the Buyer (as defined in the Real Estate Agreement) all prorations due to it under the Real Estate Agreement, and (E) retain the remaining amount of the Escrow Amount in the Escrow Account; or

(ii) if the parties are consummating the Alternative Transaction, the Escrow Agent shall take all of the following interdependent steps simultaneously: (A) release to the Shareholders' Representative, Sixty-Seven Million Five Hundred Thousand Dollars ($67,500,000), or if the designation of the Shareholders' Representative has been revoked pursuant to Section 1.05(b) of the Settlement Agreement, to each Shareholder, an amount equal to Sixty-Seven Million Five Hundred Thousand Dollars ($67,500,000) multiplied by such Shareholder's Pro Rata Share, as set forth in *Exhibit 3(a)* attached hereto, less payments made to Third Party Creditors pursuant to *Section 3(a)(iii)* below, if any, (B) release to VVD the Share Certificates and Releases (including written confirmations of receipt of funds by Third Party BDMC Creditors, if any), (C) release to the

Shicks the Real Property Transfer Documents, and (D) retain the remaining amount of the Escrow Amount in the Escrow Account.

(iii) In the event of the release of the Escrow Property either pursuant to the Proposed Acquisition or the Alternative Transaction, the Shicks, in their capacity as Shareholders, may designate in writing, at least one (1) Business Day prior to the consummation of the Proposed Acquisition or the Alternative Transaction, that a portion of their share of the amounts released to the Shareholders' Representative or Shareholders, as the case may be, pursuant to *Section 3(a)(i)(A)* or *3(a)(ii)(A)* (the "*Initial Distribution*") be paid by the Escrow Agent to third parties to whom BDMC is known to be obligated immediately prior to the Closing ("*Third Party BDMC Creditors*"). In the event of such a written designation the Escrow Agent shall pay such Third Party BDMC Creditors the amounts identified in such written designation, and shall reduce the amount of the Initial Distribution released to the Shareholders' Representative or, if the designation of the Shareholders' Representative has been revoked pursuant to Section 1.05(b) of the Settlement Agreement, to the Shicks, in their capacity as Shareholders, on an equal basis, by the amount paid to the Third Party BDMC Creditors.

(b) *Claims.*

(i) *VVD Claims Against the Escrow Account.* Upon receipt by the Escrow Agent, at any time after the Closing and on or before the Final Payment Date (as defined below), of a written notification (each, a "*Claim Notice*"), signed by the general partner of VVD with respect to a claim for indemnification pursuant to the Settlement Agreement and the Real Estate Agreement (each, a "*Claim*"), which shall include (A) a statement that an Indemnitee believes it is entitled to indemnification pursuant to the Settlement Agreement, (B) a statement specifying in reasonable detail the nature and amount of such Indemnitee's Damages (or VVD's good faith estimate of such amount, in the event the underlying claim or liability is not then liquidated or determined) (the "*Claim Amount*"), and providing documentation to the extent available as support for such Claim Amount, and (C) the name of the Indemnitee to whom the Claim is to be paid and the address or wire transfer instructions to which such payment should be sent, the Escrow Agent shall, subject to the provisions of *Section 3(b)* hereof, make payment to the party specified in such Claim Notice out of the Escrow Account, as promptly as practicable after compliance with the provisions of *Section 3(b)(ii)* hereof (including, without limitation, the ten (10) day waiting period set forth therein) and the resolution of all conflicts, if any, under *Section 3(b)(iii)* hereof, of cash in an amount equal to the

Claim Amount (as such amount is finally determined in accordance with this Escrow Agreement).

(ii) *Objections to Claims.*

(A) At the time of delivery of any Claim Notice to the Escrow Agent, a duplicate copy of such notice shall be delivered to the Shareholders' Representative, or if the designation of the Shareholders' Representative has been revoked, to each Shareholder, and for a period of ten (10) Business Days after such delivery, the Escrow Agent shall make no payment to the payee identified in such Claim Notice of any amounts from the Escrow Account pursuant to *Section 3(b)(i)* hereof unless the Escrow Agent shall have received written authorization from the Shareholders' Representative or a majority in interest of the Shareholders, as the case may be, to make such delivery. After the expiration of such ten (10) day period, the Escrow Agent shall make payment from the Escrow Account, in accordance with *Section 3(b)(i)* hereof, **provided however**, that no such payment or delivery shall be made if the Shareholders' Representative or a majority in interest of the Shareholders, as the case may be, shall object in reasonable detail in a written statement to the Claim made in the Claim Notice, and such statement shall have been delivered to and received by the Escrow Agent and VVD prior to the

expiration of such ten (10) day period. Notwithstanding the foregoing, if a court of competent jurisdiction pursuant to Section 9.12 of the Settlement Agreement has made a final, non-appealable determination of the amount of Damages or in the case of Damages arising from or relating to a Proceeding, the date on which both such amount and Indemnitor's obligation to pay such amount have been determined by a final, non-appealable judgment of the trial court or administrative body having jurisdiction over such Proceeding, a final determination shall be deemed to have occurred and the Shareholders shall have no right to object to a Claim that is consistent with such determination and the Escrow Agent shall either disburse the amount of the Claim per the Claim Notice or deposit such amount into the court or administrative body having jurisdiction over such Claim.

(B) If the Shareholders' Representative or a majority in interest of the Shareholders, as the case may be, shall timely object to any Claim pursuant to *Section 3(b)(ii)(A)*, then (1) such disputed Claim shall be deemed to be an "*Open Claim*," (2) the Escrow Agent shall reserve against and hold in the Escrow Account the amount of such Claim as specified in the Claim Notice (such amount reserved with respect to each Open Claim, a "*Claim Reserve*"), and

(3) any income earned on such Claim Reserve shall be held in the Escrow Account until the related Open Claim is resolved by either a Joint Instruction or a Final Determination, whereupon such income shall be paid as provided therein. If either the Joint Instruction or the Final Determination (as applicable) does not provide for the disbursement of income on the Claim Reserve to an Indemnitee, such income shall be disbursed thereafter in accordance with *Section 2(b)*.

(C) The amount constituting the Claim Reserve shall be paid by the Escrow Agent from and to the extent of the balance remaining in the Escrow Account and only in accordance with (1) a Joint Instruction (as hereinafter defined) or (2) a Final Determination (as hereinafter defined). The Escrow Agent shall act on such Joint Instruction or Final Determination, as the case may be, without further question.

(iii) *Resolution of Conflicts.*

(A) In case the Shareholders' Representative or a majority in interest of the Shareholders, as the case may be, shall rightfully object in writing to any Claim made in any Claim Notice, VVD and the Shareholders shall attempt in good faith to agree upon the rights of the respective parties with respect to each such Open Claim. If VVD and the Shareholders

should so agree on a resolution, a memorandum setting forth such agreement shall be prepared and signed by both parties and shall be furnished to the Escrow Agent (a "*Joint Instruction*"). The Escrow Agent shall be entitled to rely on any Joint Instruction in accordance with the terms thereof.

(B) If no such agreement can be reached after good faith negotiation, and in any event at any time on or after twenty (20) Business Days after receipt of the written objection of the Shareholders' Representative or a majority in interest of the Shareholders, as the case may be, either VVD or the Shareholders may file an action in accordance with *Section 9.12* of the Settlement Agreement. The final result of such action (a "*Final Determination*") shall be binding and conclusive upon the parties to this Escrow Agreement, and notwithstanding anything in *Section 5(b)(ii)* hereof, the Escrow Agent shall be entitled to act in accordance with such Final Determination.

(c) On the fifth (5th) Business Day following the *earlier* of: (i) the date that is two (2) years after the opening by VVD at the site of the Racing License of a gaming facility pursuant to a license issued by the Pennsylvania Gaming Control Board or (ii) the date that is three (3) years after the Escrow Deposit Date, VVD and the Shareholders' Representative, or if the designation of the Shareholders' Representative has

been revoked, a majority in interest of the Shareholders, shall deliver to the Escrow Agent a joint written notice (which may be signed in counterparts) (the "*Final Payment Notice*"), which notice shall include instructions as to the delivery of the funds remaining in the Escrow Account minus the amount of any Claim Reserve (the "*Escrow Account Balance*"). The Escrow Agent shall, upon receipt of the Final Payment Notice, promptly disburse the Escrow Account Balance to the Shareholders' Representative, or if the designation of the Shareholders' Representative has been revoked pursuant to Section 1.05(b) of the Settlement Agreement, to the Shareholders according to their Pro Rata Shares.

(d) If the Settlement Agreement is properly terminated, pursuant to and as may be permitted by the Settlement Agreement, prior to Closing (i) if VVD has deposited the Escrow Amount into the Escrow Account, the Escrow Agent shall promptly return the Escrow Amount and all accrued interest thereon to VVD, and the Escrow Agent shall promptly return the Real Property Transfer Documents to the Shicks and the Share Certificates and Releases to the Shareholders' Representative or the Shareholders, as the case may be, and (ii) if VVD has not deposited the Escrow Amount into the Escrow Account, the Escrow Agent shall promptly return the Real Property Transfer Documents to the Shicks and the Share Certificates and the Releases to the Shareholders' Representative or the Shareholders, as the case may be.

(e) This Agreement will terminate upon the release of all of the Escrow Funds pursuant to this *Section 3.*

(f) In the event fund transfer instructions are given (other than in writing at the time of execution of this Escrow Agreement), whether in writing or by telecopier, the Escrow Agent is authorized to seek confirmation of such instructions from representatives of VVD, the Shicks and the Shareholders by telephone call-back to the person or persons designated on *Exhibit A* hereto, and the Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. Each funds transfer instruction shall be executed by an authorized signatory, a list of such authorized signatories is set forth on *Exhibit A.* The undersigned is authorized to certify that the signatories on *Exhibit A* are authorized signatories. The persons and telephone numbers for call-backs may be changed only in a writing actually received and acknowledged by the Escrow Agent. The Escrow Agent and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by VVD, the Shicks or the Shareholders' Representative, or if the designation of the Shareholders' Representative has been revoked, the Shareholders, to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Escrow Agent may apply any of the escrowed funds for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid, or the transfer

of funds to a bank other than the beneficiary's bank or an intermediary bank designated. The parties to this Escrow Agreement acknowledge that these security procedures are commercially reasonable.

Section 4. *Language Concerning the Escrow Agent and Miscellaneous Provisions.*

To induce the Escrow Agent to act hereunder, it is further agreed by the undersigned that:

(a) The Escrow Agent shall not be under any duty to give the Escrow Property held by it hereunder any greater degree of care than it gives its own similar property and shall not be required to invest any funds held hereunder except as directed in this Agreement.

(b) This Agreement expressly sets forth all the duties of the Escrow Agent with respect to any and all matters pertinent hereto. No implied duties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall not be bound by the provisions of any agreement among the other parties hereto except as may be referenced in this Agreement.

(c) The Escrow Agent shall not be liable, except for a breach of this Agreement, or its own gross negligence or willful misconduct and, except with respect to claims based upon such breach, gross negligence or willful misconduct that are successfully asserted against the Escrow Agent, the other parties hereto shall jointly and severally indemnify and hold harmless the Escrow Agent (and any successor Escrow

Agent) from and against any and all losses, liabilities, claims, actions, damages and expenses, including reasonable attorneys' fees and disbursements, arising out of and in connection with this Agreement. Without limiting the foregoing, the Escrow Agent shall in no event be liable in connection with its investment or reinvestment of any cash held by it hereunder in good faith, in accordance with the terms hereof, including without limitation any liability for any delays (not resulting from its gross negligence or willful misconduct) in the investment or reinvestment of the Escrow Property, or any loss of interest incident to any such delays.

(d) The Escrow Agent shall be entitled to rely upon any order, judgment, award, certification, demand, notice, instrument or other writing delivered to it hereunder without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity of the service thereof. The Escrow Agent may act in reliance upon any instrument or signature believed by it to be genuine and may assume that any person purporting to give receipt or advice or make any statement or execute any document in connection with the provisions hereof has been duly authorized to do so.

(e) The Escrow Agent may act pursuant to the advice of counsel with respect to any matter relating to this Agreement and shall not be liable for any action taken or omitted in good faith in accordance with such advice.

(f) The Escrow Agent does not have any interest in the Escrow Property deposited hereunder, but is serving as escrow holder only and having only possession thereof. Any payments of income from this Escrow Account shall be subject to withholding regulations then in force with respect to United States taxes. The parties hereto will provide the Escrow Agent with appropriate W-9 forms for tax I.D. number certifications, or W-8 forms for non-resident alien certifications. It is understood that the Escrow Agent shall be responsible for income reporting only with respect to the income earned on investment of funds which are a part of the Escrow Property and is not responsible for any other reporting. This *Section 4(c)* and this *Section 4(f)* shall survive notwithstanding any termination of this Agreement or the resignation of the Escrow Agent.

(g) The Escrow Agent makes no representation as to the validity, value, genuineness or the collectibility of any security or other document or instrument held by or delivered to it.

(h) The Escrow Agent shall not be called upon to advise any party as to the wisdom in selling or retaining or taking or refraining from any action with respect to any securities or other property deposited hereunder.

(i) The Escrow Agent (and any successor Escrow Agent) may at any time resign as such by delivering the Escrow Property to any successor Escrow Agent jointly designated by the other parties hereto in writing, or to any court of competent jurisdiction,

whereupon the Escrow Agent shall be discharged of and from any and all further obligations arising in connection with this Agreement. The resignation of the Escrow Agent will take effect on the earlier of (a) the appointment of the successor (including a court of competent jurisdiction) or (b) the day which is thirty (30) days after the date of delivery of its written notice of resignation to the other parties hereto. If within the thirty (30) days set forth in this *Section 4(i)(b)*, the Escrow Agent has not received a joint designation of a successor Escrow Agent from VVD, the Shicks and the Shareholders' Representative, or if the designation of the Shareholders' Representative has been revoked pursuant to Section 1.05(b) of the Settlement Agreement, from a majority in interest of the Shareholders, the Escrow Agent's sole responsibility after that time shall be to safekeep the Escrow Property until receipt of a designation of successor Escrow Agent of a joint written disposition instruction by the other parties hereto or a final order of a court or arbitration panel of competent jurisdiction.

(j) The Escrow Agent shall have no responsibility for the contents of any writing of the arbitrators or any third party contemplated herein as a means to resolve disputes and may rely without any liability upon the contents thereof.

(k) In the event of any disagreement between the other parties hereto resulting in adverse claims or demands being made in connection with the Escrow Property, or in the event that the Escrow Agent in good

faith is in doubt as to what action it should take hereunder, the Escrow Agent shall be entitled (i) to file an interpleader action with a court of competent jurisdiction and to tender the Escrow Property to such court, or (ii) to retain the Escrow Property until the Escrow Agent shall have received (A) a final non-appealable order of a court of competent jurisdiction directing delivery of the Escrow Property or (B) a written agreement executed by VVD, the Shicks and the Shareholders' Representative, or a majority in interest of the Shareholders if the designation of the Shareholders' Representative is revoked, directing delivery of the Escrow Property, in which event the Escrow Agent shall disburse the Escrow Property in accordance with such order or agreement. Any court order shall be accompanied by a legal opinion by counsel for the presenting party reasonably satisfactory to the Escrow Agent to the effect that said order is final and non-appealable. The Escrow Agent shall act on such order and legal opinion without further question.

(l) The Escrow Agent shall be entitled to compensation for its services hereunder as per *Exhibit B* attached hereto, all to be paid one-half by VVD and one-half by the Shareholders.

(m) The parties hereto hereby irrevocably submit to the jurisdiction of the Court of Common Pleas of Lawrence County or, if it has jurisdiction, the United States District Court for the Western District of Pennsylvania, in any action or proceeding with the Escrow Agent arising out of or relating to the interpretation of this Agreement, and the parties hereby irrevocably

agree that all claims in respect of such action or proceeding shall be heard and determined in the Court of Common Pleas of Lawrence County or, if it has jurisdiction, the United States District Court for the Western District of Pennsylvania. The parties hereby consent to and grant to any such court jurisdiction over the persons of such parties and over the subject matter of any such dispute and agree that delivery or mailing of any process or other papers in the manner provided in *Section 4(q)*, or in such manner as may be permitted by law, shall be valid and sufficient service thereof.

(n) This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective heirs, successors and assigns and shall not be enforceable by or inure to the benefit of any third party except as provided in *Section 4(i)* with respect to a resignation by the Escrow Agent. No party may assign any of its rights or obligations under this Agreement without the written consent of the other parties. This Agreement shall be construed in accordance with and governed by the internal law of the Commonwealth of Pennsylvania (without reference to its rule as to conflicts of law).

(o) This Agreement may be executed in separate counterparts, each of which will be an original and all of which taken together shall constitute one and the same agreement, and any party hereto may execute this Agreement by signing any such counterpart.

(p) This Agreement may only be modified by a writing signed by all of the parties hereto, and no

waiver hereunder shall be effective unless in a writing signed by the party to be charged.

(q) Any notice or communication to be given hereunder by any party to another party shall be deemed given if in writing and delivered personally, sent by prepaid registered or certified mail, return receipt requested, sent by reputable overnight courier service or sent by electronically confirmed facsimile transmission, to the respective party at the following addresses:

If to Escrow Agent:	Citizens Bank of Pennsylvania 870 Westminster Street RWR 110 Providence, Rhode Island 02903 Attn: Jean A. Parrillo, Vice President Fax: (401) 455-5279
If to VVD:	10 West Market Street, Suite 200 Indianapolis, Indiana 46204 Attention: Kurt Wilson Facsimile: 317-656-8780 E-mail: kwilson@centaurgaming.net
With a copy to (which copy shall not constitute notice hereunder):	Ice Miller LLP One American Square, 31st Floor Indianapolis, Indiana 46282 Attention: Stephen J. Hackman Facsimile: 317-592-4666 E-mail: Stephen.hackman@ icemiller.com

If to BDMC, the Shareholders and the Shicks:	Carmen W. Shick 2959 Benjamin Franklin Parkway Edinburg, Pennsylvania Facsimile: (724) 654-9397 E-mail: cwshick@aol.com
With a copy to (which copy shall not constitute notice hereunder):	Meyer, Unkovic & Scott LLP 1300 Oliver Building Pittsburgh, PA 15222 Attention: Frank G. Salpietro Facsimile: (412) 456-3293 E-mail: fgs@muslaw.com

or to such other address as any party may designate by notice to the other parties given in accordance with the provisions hereof.

(r) **IN NO EVENT SHALL THE ESCROW AGENT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (i) DAMAGES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES WHICH RESULT FROM THE ESCROW AGENT'S FAILURE TO ACT IN ACCORDANCE WITH THE STANDARDS SET FORTH IN THIS AGREEMENT, OR (ii) SPECIAL OR CONSEQUENTIAL DAMAGES, EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

(s) Any banking association or corporation into which the Escrow Agent may be merged, converted or with which the Escrow Agent may be consolidated, or any corporation resulting from any merger, conversion

or consolidation to which the Escrow Agent shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Escrow Agent shall be transferred, shall succeed to all the Escrow Agent's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

(t) Notwithstanding any other provision of this Agreement, the Escrow Agent shall not be obligated to perform any obligation hereunder and shall not incur any liability for the nonperformance or breach of any obligation hereunder to the extent that the Escrow Agent is delayed in performing, unable to perform or breaches such obligation because of acts of God, war, terrorism, fire, floods, strikes, electrical outages, equipment or transmission failures, or other causes reasonably beyond its control.

[*Signature pages follow*]

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* * *

NOTICE OF DISTRIBUTION BY SHAREHOLDERS' REPRESENTATIVE

Shareholder Name:		Merit Management Limited Partnership
Percentage Ownership:		30.007%
Distribution Analysis:		
(a) Gross Initial Settlement Payment:		$47,500,000*
(b) Multiplied by Percentage Ownership:		30.007%
(c) Subtotal:		$14,253,325
(d) Less Deductions:	Wire Fee	($25.00)
	Assignment to Ed Tracy	($540,186)
DISTRIBUTION TO SHAREHOLDER:		**$13,713,114**

The "DISTRIBUTION TO SHAREHOLDER" was paid by wire transfer per shareholder instruction on the date set forth herein.

Date:
October ___, 2007

/s/ Carmen W. Shick
Carmen W. Shick,
Shareholder Representative

* * *

* The total settlement to be paid to the Shareholders of BDMC by Centaur/Valley View for the shares of BDMC, per the Settlement Agreement signed by all Shareholders, is $55,000,000. However, per that same Agreement $7,500,000 is being retained as an "Indemnity Deposit" which will be released at a future date identified in the Agreement (net any indemnity claims). An additional distribution will be made when the Indemnity Deposit is released to the Shareholders' Representative.

CARMEN W. SHICK
SHAREHOLDERS' REPRESENTATIVE TO FORMER SHAREHOLDERS OF BEDFORD DOWNS MANAGEMENT CORPORATION
2859 BENJAMIN FRANKLIN PARKWAY
EDINBURG, PA 16116
(724) 654-5538

To: Merit Management Group, LP

Date: November 9, 2010

RE: Final Distribution of Escrow from Valley View Downs Settlement

I am pleased to advise that a final disbursement of the Bedford Downs/Valley View Downs settlement escrow has been made from the escrow account being held pursuant to the settlement, and that you will receive a portion of that disbursement as set forth in this Memo as soon as practicable after execution and return of this Memo as set forth below.

1. **The total amount payable to you will be $2,274,867.99.**

2. This amount was calculated as follows:

   (A) Beginning principal amount in escrow: $7,500,000;

   (B) Plus Interest earned: $311,124.38.

   (C) Gross amount available for distribution: $7,811,124.38.

   (D) Less professional fees: ($30,000.00)

   (E) Net available for distribution: $7,781,124.38

(F) Less Amount Due to Ed Tracy (Per 10/26/07 Agreement): $60,014.00.

(G) Your former percentage of ownership at Bedford Downs: 30.007%

(H) TOTAL TO BE DISTRIBUTED TO YOU (E x G - F): $2,274,867.99[1]

3. The amount set forth in Paragraph 1 above will be sent by wire transfer to the account you previously designated as follows:

Account Name:	Merit Management Group LP
Bank Name:	First Midwest Bank
ABA Number:	071901604
Acct. Number:	[redacted]

4. By signing this Memo and receiving the distribution as set forth herein, you are agreeing and acknowledging that:

(a) You understand and agree to the terms set forth in this Memo;

(b) The distribution being made and the amount set forth in this Memo constitutes the full and

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[1] You are solely responsible for any claims, taxes, fees, assessments or any other amounts due to any person, including but not limited to any federal, state, or local taxing or governmental authority as a result of this distribution. No representation or warranty is being made with respect to any tax or financial matter relating to this transaction or distribution. You should consult with any tax, financial and/or legal advisors of your choice with respect to this matter. In due course, you may receive an IRS Form 1099 or other documents which may be required by law or which, based on the reasonable judgment of any of my financial or legal advisors, should be sent to you.

final payment due to you by virtue of the Settlement Agreement between Bedford Downs and its former shareholders, on the one hand, and Valley View Downs, on the other hand;

(c) You have no claims against Bedford Downs Management Corporation or any of its former officers, directors, shareholders, agents or representatives, and to the extent you ever had or have any claims, present or future, known or unknown, against Bedford Downs Management Corporation or any of its former officers, directors, shareholders, agents or representatives, you voluntarily and forever RELEASE and RELINQUISH any such claims;

(d) You have consulted, or have been given the full opportunity to consult, with your legal, financial and/or other professional advisors regarding this Memo or the transaction contemplated by this Memo.

PLEASE SIGN AND RETURN THE *ORIGINAL* OF THIS MEMO TO:

Frank G. Salpietro, Esquire
Rothman Gordon, P.C.
310 Grant Street, Third Floor
Pittsburgh, PA 15219

To expedite payment and transfers, you should also fax or email a full, signed copy of this Memo to both me and Frank, as follows:

To Carmen:
Email = cwshick@aol.com
Fax = (724) 654-9397

To Frank:
Email = fgsalpietro@rothmangordon [sic]
Fax = (412) 281-7304

Regards,

/s/ Carmen W. Shick
Carmen W. Shick,
Shareholder Representative

I HEREBY ACKNOWLEDGE AND AGREE TO THE TERMS OF THE FOREGOING MEMO

MERIT MANAGEMENT GROUP, LP
BY: TALC, LLC, its general partner

/s/ Joe Canfora
By: **Joe Canfora**

Date: 11/9/2010

cc: Frank G. Salpietro, Esquire

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FTI CONSULTING, INC., as Trustee of the Centaur, LLC Litigation Trust, Plaintiff, v. MERIT MANAGEMENT GROUP, LP, Defendant.	Case No. 1:11-cv-07670 The Honorable Judge Joan B. Gottschall

AMENDED EXHIBIT 1 TO DECLARATION OF JOSEPH CANFORA ATTACHED TO MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION FOR JUDGMENT ON THE PLEADINGS [DKT. 60]

(Filed Nov. 6, 2014)

SETTLEMENT AGREEMENT

DATED AS OF THE 14TH DAY OF AUGUST, 2007

BY AND AMONG BEDFORD DOWNS MANAGEMENT CORPORATION,

VALLEY VIEW DOWNS, LP,

CARMEN W. SHICK,

KENDRA A. TABAK,

KENNETH R. SHICK III,

THE SHAREHOLDERS WHO ARE SIGNATORIES HERETO,

MERIT MANAGEMENT GROUP LIMITED PARTNERSHIP

AND

THE MERIT PARTNERS WHO ARE SIGNATORIES HERETO

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* * *

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (*"Agreement"*), dated as of August 14, 2007 is made and entered into by and among Bedford Downs Management Corporation, a Pennsylvania corporation ("BDMC"), Valley View Downs, LP, a Pennsylvania limited partnership ("VVD"), Carmen W. Shick, Kendra A. Tabak and Kenneth R. Shick III (collectively, the *"Shicks"*), and the individuals and entities who are shareholders of BDMC and who are signatories to this Agreement (collectively, including the Shicks in such capacity, the *"Shareholders"*), and for the limited purposes of the representation and warranty set forth In [sic] *Section 2.04*, delivering the non-compete agreements pursuant to *Section 5.02(d)*, the releases pursuant to *Section 5.02(e)* and the obligations set forth in *Section 8.04*, Merit Management Group Limited Partnership, a Nevada limited partnership ("Merit") and the individuals and entities who are partners of Merit and who are signatories to this Agreement (collectively, in such capacity, the *"Merit Partners"* and collectively with Merit, the *"Merit Group"*). Capitalized terms not otherwise defined in the text of this Agreement are defined in *Exhibit A* attached hereto.

RECITALS

WITNESSETH:

WHEREAS, the Shareholders are the record and beneficial owners of all of the outstanding equity interests in BDMC; and

WHEREAS, on or about June 9, 2003, BDMC filed with the Pennsylvania State harness [sic] Racing Commission (the "HRC") an Application for Harness Racing License with Pari-Mutuel Wagering, and subsequently filed several supplements thereto (collectively, the "*BDMC Application*"); and

WHEREAS, on or about December 27, 2002, VVD filed with the HRC an Application for Harness Racing License with Pari-Mutuel Wagering, and subsequently filed a supplement thereto (collectively, the "*VVD Application*" and collectively with the BDMC Application, the "*Applications*"); and

WHEREAS, pursuant to a duly-issued Statement of Policy, issued by the HRC on April 3, 2003, BDMC and VVD were part of the same consideration group, such that their license applications were considered and are being considered comparatively by the HRC; and

WHEREAS, BDMC and VVD petitioned, and were granted, the right to intervene in one another's licensing proceeding; and

WHEREAS, following the opportunity for public comment on both applications, the HRC held extensive

administrative hearings on October 25-27, 2004, November 9-12, 2004 and February 21, 2005, wherein BDMC and VVD presented extensive testimony, introduced numerous exhibits, and were subject to cross examination by the other party, questions from the HRC and background investigations by the HRC's staff; and

WHEREAS, after the extensive administrative hearings, the HRC entered an Order dated November 3, 2005, denying the BDMC Application and VVD Application, and subsequently issued an Adjudication relating to that Order on November 9, 2005; and

WHEREAS, BDMC and VVD each appealed the denial of their respective application to the Commonwealth Court of Pennsylvania, and the HRC was a named appellee in each of those appeals; and

WHEREAS, after considering the briefs and arguments of BDMC, VVD and the HRC, the Commonwealth Court of Pennsylvania, on June 19, 2006, issued an Opinion and Order, affirming the HRC's denial of the VVD Application, reversing the denial of the BDMC Application, and remanding the BDMC Application for further proceeding before the HRC; and

WHEREAS, the HRC and VVD each filed Petitions for Allowance of Appeal with the Supreme Court of Pennsylvania (the "*Supreme Court*"), which Petitions were granted by the Supreme Court, and the appeals were consolidated, briefed and argued before the Supreme Court; and

WHEREAS, on July 2, 2007, the Supreme Court issued its Opinion in the consolidated appeals, granting both BDMC and VVD the ability to reapply and seek reconsideration of the HRC's denials of their Applications; and

WHEREAS, consistent with the mandate of the Supreme Court, on July 19, 2007, the HRC entered an Order permitting both BDMC and VVD to supplement or amend the Applications; and

WHEREAS, BDMC, the Merit Group, the Shareholders, VVD and the Shicks are cognizant of the timeframes set forth in the Pennsylvania Race Horse Development and Gaming Act (*"Gaming Act"*) for the filing of an application for a "Category 1" gaming license with the Pennsylvania Gaming Control Board, and that absent a filing for such a gaming license within the timeframes set forth in the Gaming Act there is a substantial risk that the Category 1 (racetrack) license could be converted by the Pennsylvania Gaming Control Board to a Category 2 (stand-alone) gaming license, and that such a conversion would be to the severe detriment, and not in the best interests, of harness racing in Pennsylvania; and

WHEREAS, continuation of adversarial licensing hearings, and the likelihood of appeals being taken by BDMC, VVD or the HRC, absent a resolution as contemplated hereby, would not be in the interest of the parties, the Commonwealth of Pennsylvania or in the best interests of harness racing in Pennsylvania; and

WHEREAS, BDMC, the Merit Group, the Shareholders, VVD and the Shicks deem it in their best collective interests and in the best interest of harness racing that the parties avoid the expense and uncertainty of continued litigation and adversarial administrative proceedings, and to resolve matters relating to the BDMC Application and VVD Application to achieve these goals;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

AGREEMENT

ARTICLE I.
AGREEMENTS WITH RESPECT TO THE APPLICATIONS

Section 1.01. Filing of Applications. On or before August 17, 2007, and consistent with the deadline set forth in the HRC's Order of July 19, 2007, and its letter of August 3, 2007, granting a two-week extension of such deadline (ratified by the Order of the HRC dated August 10, 2007):

(a) BDMC shall file with the HRC a Fourth Supplement/Amendment to the BDMC Application (the "*BDMC Amended Application*"); and

(b) VVD shall file with the HRC a Third Supplement/Amendment to the VVD Application (the "*VVD Amended Application*"), which shall seek, among other things:

(i) a license to construct and operate a harness horse race track and facility with pari-mutuel wagering (a "*Racing License*") on approximately 250 acres currently owned by the Shicks and identified on one of the drawings attached hereto as *Exhibit B*, as determined by VVD in its discretion (the "*Real Property*");

(ii) at VVD's option, the VVD Amended Application may propose as an alternate site (the "*Alternate Site*") for a Racing License, the property originally proposed by VVD (plus any adjacent property purchased or under option) in its Application and "Phase II" submission; provided however, that VVD agrees that it will not construct and operate a harness horse race track and facility on the Alternate Site except pursuant to *Section 1.08(b)*;

(iii) VVD shall request that, if the HRC issues a Racing License to VVD, the Racing License contain an express condition that the Racing License shall automatically terminate or be revoked if VVD fails to deposit the Escrow Amount (as defined below) with the Escrow Agent (as defined below) on the date set forth in this Agreement, pursuant to and in accordance with the terms and conditions of this Agreement. If the Racing License issued

to VVD does not contain the condition described in this paragraph, VVD will immediately request the HRC to amend the Racing License to include such a condition. Notwithstanding the failure of the Racing License to include such condition, VVD agrees to abide by the terms of such condition as if the condition had been included. In the event that the Racing License is issued to VVD and thereafter is terminated or revoked by reason of VVD's failure to timely deposit the Escrow Amount into the Escrow Account in accordance with the terms of this Agreement, VVD agrees that it will not object, appeal, or assert any hearing right or other right to challenge the granting of a Racing License to BDMC.

Section 1.02. Filing of Stipulation. Immediately upon the execution of this Agreement, VVD and BDMC shall file a Stipulation Concerning Procedures Before the Commission substantially in the form set forth in *Exhibit 1.02* attached hereto (the "*Stipulation*").

Section 1.03. Agreement to Purchase Real Property.

(a) On or before August 17, 2007, VVD shall deliver to the Shicks a draft Purchase and Sale Agreement (the "*Real Estate Agreement*"), providing for the purchase of the Real Property from the Shicks by VVD at the Closing. VVD's right and obligation to purchase the Real Property pursuant to the Real Estate Agreement shall be conditioned upon the timely deposit by VVD of the Escrow

Amount (as defined herein) into the Escrow Account (as defined herein), the grant of the Racing License to VVD for the construction and operation of a harness horse racing facility on the Real Property, and the payment of the Escrow Amount as set forth herein. VVD's obligation to purchase the Real Property shall be further conditioned upon VVD's satisfaction with the results of its due diligence investigation as described in *Section 1.08*. VVD and the Shicks agree to negotiate in good faith with the intention of executing a mutually agreeable Real Estate Agreement within two (2) weeks after delivery by VVD of a draft of the Real Estate Agreement.

(b) The Real Estate Agreement shall also provide that VVD shall have the right to acquire from the Shicks without additional consideration up to an additional 25 acres of land as necessary to enable VVD to construct adequate barns, surface parking spaces and an appropriate entry feature for the race track and casino project on the Real Property if such additional property is required by the HRC, the Pennsylvania Gaming Control Board or a Zoning Board. Any additional land acquired by VVD pursuant to this *Section 1.03(b)* shall be considered part of the Real Property for all purposes of this Agreement and the Real Estate Agreement.

Section 1.04. Purchase of Shares. Upon the terms and subject to the conditions set forth in this Agreement and on the basis of the representations, warranties, covenants and agreements herein contained, at the Closing, VVD shall purchase, acquire

and accept from the Shareholders, and each of the Shareholders shall sell, transfer, assign, convey and deliver to VVD, all of such Shareholder's right, title and interest in and to all of the outstanding shares of capital stock of BDMC owned by such Shareholder (the "*Shares*"), free and clear of all Encumbrances of any kind or character.

Section 1.05. Real Property Purchase Price; Payments to Shareholders.

(a) The consideration to be paid by VVD to the Shicks in connection with the purchase of the Real Property shall be Twenty Million Dollars ($20,000,000) (the "*Real Property Purchase Price*").

(b) The consideration to be paid by VVD for the Shareholders' Shares shall be Fifty-Five Million Dollars ($55,000,000) or such higher amount as set forth in Section 1.08(c) (the "*Aggregate Share Purchase Price*"). The Shareholders hereby designate Carmen W. Shick as their representative (the "*Shareholders' Representative*") and authorize said Shareholders' Representative to receive all payments of the Escrow Amount for and on behalf of the Shareholders, and to distribute such payment(s) in such manner as the Shareholders may then or thereafter agree. VVD shall authorize the Escrow Agent to make all payments of the Escrow Amount due to the Shareholders to the Shareholders' Representative. For purposes of this Agreement and the Escrow Agreement, any payments made to the Shareholders' Representative by VVD shall be treated as if made directly to the Shareholders and VVD shall have no responsibility to account to any Shareholder as to the

correct allocation of such Shareholder's distribution of amounts hereunder. Upon the unanimous written direction from all of the Shareholders of the revocation of the designation of the Shareholders' Representative prior to a disbursement, VVD will make, or cause to be made, payments directly to each Shareholder for such Shareholder's Shares in an amount equal to the Aggregate Share Purchase Price *multiplied by* (ii) a fraction (such fraction, the "*Pro Rata Share*"), the numerator of which is the number of common shares of BDMC owned by such Shareholder as of the Closing, and the denominator of which is the total number of common shares of BDMC outstanding as of the Closing, assuming, in each case, the exercise of all options, warrants or other rights to acquire such common shares and the conversion of all debt and equity securities that are convertible into such common shares (such amount, the "*Share Purchase Price*" of such Shareholder).

Section 1.06. Escrow Arrangements.

(a) (i) On the date of execution of the Real Estate Agreement, the Shicks shall deposit with an independent, third-party escrow agent mutually acceptable to the Shicks and VVD (the "*Escrow Agent*"), to be held and disbursed pursuant to the terms and conditions of this Agreement and an escrow agreement to be entered into among the Shicks, the Shareholders, VVD and the Escrow Agent (the "*Escrow Agreement*") a duly executed and acknowledged general warranty deed in recordable form and such other documents as shall be necessary or appropriate to convey the Real

Property to VVD (the "*Real Property Transfer Documents*"), and (ii) on the date of execution of the Escrow Agreement, each Shareholder shall deposit with the Escrow Agent to be held and disbursed pursuant to the terms and conditions of this Agreement and the Escrow Agreement certificates representing all of the Shares owned by such Shareholder, duly endorsed for transfer to VVD, or accompanied by appropriate stock powers duly endorsed in blank. By August 17, 2007, VVD shall deliver a draft of the Escrow Agreement to BDMC, the Shareholders and the Shicks. VVD, BDMC, the Shicks and the Shareholders agree to negotiate in good faith with the intention of executing a mutually agreeable Escrow Agreement within two (2) weeks after delivery by VVD of a draft of the Escrow Agreement.

(b) Subject to *Section 1.08*, on or prior to the Escrow Deposit Date, VVD shall deposit or cause to be deposited in an account (the "*Escrow Account*") with the Escrow Agent to be held and disbursed pursuant to the terms and conditions of this Agreement and the Escrow Agreement Seventy-Five Million Dollars ($75,000,000) (the "*Escrow Amount*") in the form of cash, certified funds, or an irrevocable letter of credit in favor of Escrow Agent for the benefit of BDMC, the Shicks and the Shareholders. For purposes of this Agreement, the "*Escrow Deposit Date*" shall be the 61st day following the date the HRC grants the Racing License to VVD to construct and operate a harness horse race track on the Real Property or the Alternate Site (or if such 61st day is not a Business Day, then on or prior to the first Business Day following such 61st day); provided, that, if any appeal,

remonstrance, mandamus action or other protest of any kind or nature relating to the issuance of the Racing License (each, a "*Protest*") is then pending (filed by a third party not related to and not at the request of VVD or any of its Affiliates), the Escrow Deposit Date shall be the fifth (5th) Business Day after the final, non-appealable resolution of all Protests (regardless of when commenced) in favor of VVD.

(c) If VVD fails to deposit the Escrow Amount with the Escrow Agent on or prior to the Escrow Deposit Date, or subsequently fails to make payment of the Escrow Amount as set forth in *Section 1.07* on the Closing Date (as hereinafter defined) for any reason whatsoever, including without limitation, the failure to obtain approval of any licensing body other than the HRC, (i) the Racing License granted to VVD will automatically terminate or be revoked (or, if not so provided in the Racing License, immediately abandoned by VVD) and BDMC shall have the right to proceed with the BDMC Application and consideration thereof by the HRC, and (ii) the Escrow Agent shall return to the Shicks and the Shareholders as appropriate the items deposited by them on the date of this Agreement pursuant to *Section 1.06(a)*.

(d) The Shicks and the Shareholders have agreed, jointly and severally, to indemnify, defend and hold harmless VVD and its Affiliates and representatives against any Damages (as defined herein) suffered by any of them as a result of any liabilities or claims arising out of the ownership of BDMC. The amount of cash held by the Escrow

Agent following the initial disbursement pursuant to *Section 1.07(a)* at the Closing shall serve as partial security and a first source of payment for the Shicks' and the Shareholders' indemnification obligations pursuant to *Section 8.03* during the time it is held by the Escrow Agent. The procedures for making a claim against the escrowed funds shall be set forth in the Escrow Agreement.

Section 1.07. Release of Escrowed Funds.

(a) At Closing (as defined below), upon satisfaction or waiver of all of the conditions precedent to the respective obligations of VVD, BDMC, each of the Shicks and each of the Shareholders to consummate the transaction contemplated hereunder and under the Real Estate Agreement, VVD and BDMC (or the Shareholders' Representative, as the case may be) shall jointly instruct the Escrow Agent to disburse

(i) to VVD, the Real Property Transfer Documents;

(ii) to VVD, the certificates representing the Shares, together with all accompanying stock powers, if any;

(iii) to the Shicks, 100% of the Real Property Purchase Price, if any; and

(iv) to the Shareholders' Representative, an amount equal to the Aggregate Share Purchase Price *minus* Seven Million Five Hundred Thousand Dollars ($7,500,000.00) (the "*Indemnity Deposit*"), or if the designation of the Shareholders' Representative has been revoked pursuant to *Section 1.05(b)*, to each Shareholder, an amount equal

to such Shareholder's Share Purchase Price *minus* an amount equal to the product of the Indemnity Deposit multiplied by such Shareholder's Pro Rata Share.

(b) Provided that neither BDMC, any of the Merit Group, any of the Shicks, nor any of the Shareholders have breached any covenant or obligation under this Agreement, the Real Estate Agreement or the non-compete agreements delivered pursuant to *Section 5.02(d)*, on the fifth (5th) Business Day following the earlier of (i) the date that is two (2) years after the opening by VVD at the site of the Racing License of a gaming facility pursuant to a license issued by the Pennsylvania Gaming Control Board or (ii) the date that is three (3) years after the Escrow Deposit Date, the Escrow Agent shall disburse the Indemnity Deposit (plus any income earned thereon and minus any amount paid to or reserved pursuant to the Escrow Agreement for VVD or its Affiliates or representatives in respect of any indemnity claim) to the Shareholders' Representative or, if the designation of the Shareholders' Representative has been revoked pursuant to *Section 1.05(b)*, to the Shareholders according to their respective Pro Rata Shares.

Section 1.08. Due Diligence Investigation.

(a) From the date of this Agreement until August 31, 2007, VVD and its representatives shall have the right to conduct a due diligence investigation of the Real Property and BDMC. The Shicks, BDMC and the Shareholders shall cooperate with VVD and its representatives in the

conduct of the due diligence investigation and shall provide or cause to be provided to VVD and its general partner, officers, employees, agents, consultants, accountants, legal counsel and other representatives (collectively, the "*VVD Group*"), such information and documents relating to the Real Property and/or BDMC as any of them shall reasonably request and shall allow the VVD Group or any of them, upon reasonable advance notice, to enter onto the Real Property in order to inspect the Real Property and to perform such inspections and testing on the Real Property as the VVD Group shall determine. VVD's obligation to purchase the Real Property shall be subject to VVD's satisfaction with the results of its due diligence investigation in its discretion in accordance with *Section 1.08(b)*. VVD's obligation to purchase the Shares and to deposit the Escrow Amount into the Escrow Account shall be subject to VVD determination in its reasonable discretion that there is no claim, judgment, liability, obligation, responsibility, loss, damage, cost, disbursement or expense of BDMC that is not capable of being eliminated prior to Closing; provided however, that BDMC shall have the right to eliminate, or to demonstrate to VVD's reasonable satisfaction the nonexistence of or BDMC's ability to eliminate prior to Closing, any such claim, judgment, liability, obligation, responsibility, loss, damage, cost, disbursement or expense within two (2) Business Days of notice thereof and in any event on or prior to August 31, 2007.

(b) If (i) at the conclusion of the due diligence investigation, VVD determines, in its discretion, that (A) the Real Property contains any type of

Environmental Contamination or that there has been leaching of Environmental Contamination into or from real property adjacent to the Real Property or (B) that VVD is expected to incur additional development costs in excess of Five Hundred Thousand Dollars ($500,000.00) or expected to suffer material time delays, in each case, as a result of characteristics related to the Real Property, including without limitation, soil compaction or density problems, wetlands, habitat or archeological matters or (ii) the HRC finds that the Real Property is unsuitable for construction and operation of a licensed harness horse race track and facility, then VVD may, at its sole option, request a license to construct a harness race track facility on the Alternate Site and not purchase the Real Property. The term "*Environmental Contamination*" means the presence in the soil or ground water of any of the following substances in levels or concentrations in excess of residential remediation standards or guidelines: (1) any substance that is defined as a toxic substance, hazardous substance, hazardous waste or hazardous chemical under any applicable Law, (2) polychlorinated biphenyls, asbestos or similar products, petroleum or its constituent parts, coal ash, gob piles or tailings, or (3) any other substance that is required to be remediated or reported under applicable Laws or guidelines relating to the environment.

(c) Notwithstanding any other provision of this Agreement, if VVD does not purchase the Real Property pursuant to this *Section 1.08*, then the Aggregate Share Purchase Price to be paid to the Shareholders pursuant to *Section 1.05(b)* shall be Seventy-Five Million Dollars ($75,000,000).

ARTICLE II.
REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of the Parties. Each of the parties hereto represents and warrants to the other parties, on the date hereof and on the Closing Date that:

(a) if an entity, it is duly organized, validly existing, and in good standing and has the power and authority to own its properties and assets and to conduct its business as it is now conducted;

(b) this Agreement has been authorized by all necessary action and such party has the necessary power and authority to enter into this Agreement;

(c) this Agreement has been duly executed and delivered by such party and is enforceable against such party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally or by general principles of equity; and

(d) the execution, delivery and performance of this Agreement do not require the party to obtain the consent or approval of, or to make any filing with, any Governmental Entity or any other Person except (i) the Pennsylvania Harness Racing Commission and (ii) such consents, approvals and filings, the failure to obtain or make which would not, individually or in the aggregate, have a material adverse effect on such party, the Real

Property or on the ability of such party to perform its obligations hereunder.

Section 2.02. Representations and Warranties of the Shareholders. Each Shareholder, jointly and severally, represents and warrants to VVD that, at the Closing (and prior to giving effect to the purchase and sale of the Shares, after giving effect to any disbursement instructions of Shareholders or Shareholders' Representative, as the case may be, and after receipt of the parties of full releases with respect thereto),

(a) each Shareholder will own the Shares to be sold by it beneficially and of record, free and clear of any Encumbrances of any kind;

(b) there will be no shareholder or other agreements affecting the right of any Shareholder to convey the shares to VVD or any other right of any Shareholder with respect to the Shares, and each Shareholder will have the right, authority, power and capacity to sell, assign and transfer the Shares to be sold by it to VVD;

(c) upon delivery to VVD of the certificates for or assignment of the Shares at Closing, each Shareholder will transfer valid and marketable title to the Shares, free and clear of any Encumbrance of any kind;

(d) as of the Closing, BDMC will not have and will not be subject to, any claim, judgment, liability, obligation, responsibility, loss, damage, cost, disbursement or expense of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, and BDMC's

sole assets are set forth on *Schedule 2.02* attached hereto and made a part hereof; and

(e) all Tax Returns required to be filed by, on behalf of, or that include, BDMC have been timely filed with the appropriate Governmental Entity in all jurisdictions in which such Tax Returns are required to be filed, and all such Tax Returns were true, correct and complete in all respects; all Taxes (whether or not shown on any Tax Returns) due and payable have been fully and timely paid; and BDMC has no liability for Taxes, including Taxes related to prior periods. No Governmental Entity has asserted or assessed a deficiency, claim or liability for Taxes; there is no examination or audit with respect to Taxes currently being conducted; and BDMC has not waived or agreed to an extension of any statute of limitation period with respect to an audit or examination of Taxes.

Section 2.03. Representations and Warranties of BDMC and the Shareholders. BDMC and each Shareholder, jointly and severally, represent and warrant to VVD that, at the Closing (and prior to giving effect to the purchase and sale of the Shares),

(a) BDMC is its own "ultimate parent entity" under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the "*HSR Act*");

(b) BDMC's "annual net sales" and "total assets" calculated pursuant to and in accordance with the HSR Act are each less than One Hundred

Nineteen Million Six Hundred Thousand Dollar [sic] ($119,600,000.00);

(c) BDMC is not "engaged in manufacturing" within the meaning of the HSR Act.

Section 2.04. Representations and Warranties of the Merit Group. Each of the Merit Group, jointly and severally, represents and warrants to VVD that, on the date hereof and at the Closing, the sole direct and indirect equity owners of Merit are TALC, LLC, Demaco Family Limited Partnership, Joseph J. Canfora, Teresa A. Canfora, one or more of the children of Joseph J. Canfora and Teresa A. Canfora as partners of the Demaco Family Limited Partnership, and/or one or more trusts for the benefit of one or more of the children of Joseph J. Canfora and Teresa A. Canfora of which Joseph J. Canfora and/or Teresa A. Canfora are the trustee(s) and which are partners of the Demaco Family Limited Partnership.

Section 2.05. Survival of Representations and Warranties. The representations and warranties contained in this *Article II* shall survive the execution, delivery and performance of this Agreement.

ARTICLE III.
PRE-CLOSING COVENANTS

Except as otherwise required or permitted hereunder, VVD, BDMC, each of the Shareholders and each of the Shicks covenant and agree to comply with each of the following provisions, as applicable to it, between the date hereof and the Closing Date, unless the

applicable party obtains the prior written waiver of the other party (which consent shall not be unreasonably withheld, conditioned or delayed).

Section 3.01. No Transfer of the Assets. BDMC, each of the Shareholders and each of the Shicks shall not, and shall not enter into any agreement, arrangement, commitment or understanding to, sell, lease, license, transfer, assign, convey, pledge or otherwise encumber, dispose of or grant any mortgage or security interest in the Shares and Real Property.

Section 3.02. Cooperation.

(a) BDMC will request, agree to and consent to the continuation of the HRC's consideration of the Amended BDMC Application until the earlier of: (i) such time that VVD fails to deposit the Escrow Amount with the Escrow Agent in accordance with the terms of this Agreement; or (ii) such time that the VVD Amended Application is either denied by the HRC or irrevocably withdrawn by VVD.

(b) BDMC, the Shareholders and the Shicks, (i) will not hinder or obstruct VVD's efforts to obtain the Racing License, and will provide information relating to the Real Property and other matters as requested by VVD and, if a Racing License is granted to VVD, assist and support VVD and the HRC to defend against any Protest and (ii) will support and assist VVD's efforts to obtain a license to operate a gaming facility issued by the Pennsylvania Gaming Control Board, to develop the Real Property and to obtain any necessary

approvals related to the Real Property from any local Governmental Entity.

Section 3.03. Governmental Approvals. Promptly after the execution of this Agreement, VVD, BDMC, the Shareholders and the Shicks shall file all applications and reports which are required to be filed by VVD, BDMC, the Shareholders and/or the Shicks with any Governmental Entity in connection with the transactions contemplated by this Agreement, including the Amended VVD Application, Amended BDMC Application, and the Stipulation. The parties shall also promptly provide all information that any Governmental Entity may require in connection with any such application or report.

ARTICLE IV.
CONDITIONS PRECEDENT TO THE CLOSING OBLIGATIONS OF BDMC, THE SHAREHOLDERS THE SHICKS AND VVD

Section 4.01. Conditions Precedent to Obligations of BDMC, the Shareholders and the Shicks. The obligations of BDMC, each of the Shareholders and each of the Shicks to consummate the transactions contemplated by this Agreement are subject to the fulfillment, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by BDMC, the Shareholders and the Shicks (which waiver shall not be unreasonably withheld, conditioned or delayed):

(a) ***Deliveries by VVD.*** VVD shall have delivered to BDMC, the Shareholders and the Shicks all of the agreements, documents and other items specified in *Section 5.03* and the irrevocable deposit of the Escrow Amount as required in *Section 1.06(b)*.

(b) ***Representations and Warranties of VVD.*** All representations and warranties made by VVD (considered collectively and individually) in this Agreement shall be true and correct in all respects on and as of the Closing Date as if made by VVD on and as of that date (except for those representations and warranties which refer to facts existing at a specific date, which shall be true and correct as of such date), and BDMC, the Shareholders and the Shicks shall have received a certificate to that effect from VVD dated the Closing Date.

(c) ***Performance of the Obligations of VVD.*** VVD shall have performed, complied with or fulfilled in all material respects all of the covenants, agreements, obligations and conditions required under this Agreement and the Real Estate Agreement to be complied with or fulfilled by VVD on or before the Closing Date, and BDMC, the Shareholders and the Shicks shall have received a certificate to that effect from VVD dated the Closing Date.

(d) ***Legal Proceedings.*** None of VVD, BDMC, any of the Shareholders or any of the Shicks shall be subject to any injunction, preliminary restraining order or other similar decree of a court of competent jurisdiction prohibiting the

consummation of the transactions contemplated by this Agreement or the Real Estate Agreement. Since the date of this Agreement, there shall not have been commenced or threatened against BDMC, any of the Shareholders or any of the Shicks, any Proceeding (i) involving any challenge to, or seeking damages or other relief in connection with, any of the transactions contemplated by this Agreement or the Real Estate Agreement, or (ii) that may have the effect of preventing, delaying, making illegal, imposing limitations or conditions on or otherwise interfering with any of the transactions contemplated by this Agreement or the Real Estate Agreement.

(e) ***No Violation of Orders.*** No preliminary or permanent injunction or other order issued by any Governmental Entity of competent jurisdiction that declares this Agreement or the Real Estate Agreement invalid or unenforceable in any material respect or prevents or attempts to prevent the consummation of the transactions contemplated hereby or thereby shall be in effect.

(f) ***Required Approvals.*** All consents and approvals of any Governmental Entity, including the consent and approval of the HRC and any Person necessary to permit the consummation of the transactions contemplated by this Agreement or the Real Estate Agreement, shall have been received.

Section 4.02. Conditions Precedent to Obligations of VVD. The obligation of VVD to consummate the transactions contemplated by this Agreement is subject to the fulfillment, at or before the Closing, of

the following conditions, any one or more of which may be waived in writing by VVD (which waiver shall not be unreasonably withheld, conditioned or delayed):

(a) ***Deliveries by BDMC, the Shareholders and the Shicks.*** BDMC, the Shareholders and the Shicks shall have delivered to VVD all of the documents and items specified in *Section 5.02*. By August 31, 2007, (i) BDMC, the Shareholders and the Shicks shall have delivered to VVD a copy of the Escrow Agreement, duly executed by BDMC, the Shareholders and the Shicks, (ii) each of the Shareholders shall have delivered to the Escrow Agent certificates representing all of the Shares owned by such Shareholder, duly endorsed for transfer to VVD, or accompanied by appropriate stock powers duly endorsed in blank and (iii) provided that VVD has not elected to not purchase the Real Property, the Shicks (A) shall have delivered to VVD a copy of the Real Estate Agreement, the Guidelines (as defined herein) and the Adjacent Ground Instrument (as defined herein), each duly executed by the Shicks, and (B) shall have delivered the Real Property Transfer Documents to the Escrow Agent.

(b) ***Representations and Warranties of BDMC, the Shareholders and the Shicks.*** All representations and warranties made by BDMC, any of the Shareholders or any of the Shicks in this Agreement (considered collectively and individually) shall be true and correct in all respects on and as of the Closing Date as if made by BDMC, any of the Shareholders or any of the Shicks on and as of such date (except for those representations and warranties which refer to facts existing

at a specific date, which shall be true and correct as of such date), and VVD shall have received a certificate to that effect from BDMC, the Shareholders and the Shicks dated the Closing Date.

(c) ***Performance of the Obligations of BDMC, the Shareholders and the Shicks.*** BDMC, each of the Shareholders and each of the Shicks shall have performed, complied with or fulfilled in all respects all covenants, agreements, obligations and conditions (considered collectively and individually) required by this Agreement and the Real Estate Agreement to be performed, complied with or fulfilled by BDMC, any of the Shareholders or any of the Shicks on or before the Closing Date, and VVD shall have received a certificate to that effect from BDMC, the Shareholders and the Shicks dated the Closing Date.

(d) ***Legal Proceedings.*** None of VVD, BDMC, any of the Shareholders or any of the Shicks shall be subject to any injunction, preliminary restraining order or other similar decree of a court of competent jurisdiction prohibiting the consummation of the transactions contemplated by this Agreement or the Real Estate Agreement.

(e) ***No Violation of Orders.*** No preliminary or permanent injunction or other order issued by any Governmental Entity of competent jurisdiction which declares this Agreement or the Real Estate Agreement invalid or unenforceable in any material respect or prevents or attempts to prevent the consummation of the transactions contemplated hereby or thereby shall be in effect.

(f) ***Due Diligence.*** VVD shall have been satisfied as to its due diligence investigation of the Real Property and BDMC, all of which must be completed by August 31, 2007.

ARTICLE V.
CLOSING

Section 5.01. Closing Date. Unless VVD, BMDC, and the Shicks mutually agree otherwise, the closing of the transactions contemplated by this Agreement (the "*Closing*") shall take place at the offices of Meyer, Unkovic & Scott LLP, 1300 Oliver Building, Pittsburgh PA 15222, on the date that is sixty-one (61) days after the date the HRC grants the Racing License to VVD to construct and operate a harness horse race track on the Real Property or the Alternate Site (or if such 61st day is not a Business Day, then on or prior to the first Business Day following such 61st day); provided, that, if any Protest is then pending (filed by a third party not related to and not at the request of VVD or any of its Affiliates), the Closing shall take place on the fifth (5th) Business Day after the final, non-appealable resolution of all Protests (regardless of when commenced) in favor of VVD; and provided further that if all conditions precedent to the parties [sic] obligations to close the transactions contemplated by this Agreement and the Real Estate Agreement are not satisfied on such date, the Closing shall take place on the second (2nd) Business Day following the date upon which all such conditions are satisfied (the "*Closing Date*"). Time is of the essence, and the failure to make

the payment of the Escrow Amount at Closing pursuant to *Section 1.07*, unless otherwise agreed to in writing by the Shicks, VVD and BDMC, shall immediately result in the termination, revocation or abandonment of the Racing License granted to VVD, as set forth in *Section 1.06(c)*. The parties hereto acknowledge and agree that all proceedings to be taken and all documents to be executed and delivered by all parties at the Closing shall be deemed to have been taken and executed simultaneously, and no proceedings shall be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered.

Section 5.02. Deliveries by BDMC, the Shareholders and the Shicks. At the Closing, the Shicks shall deliver exclusive possession of the Real Property to VVD, and BDMC, the Shareholders and the Shicks shall deliver (or cause to be delivered) to VVD originals or copies, if specified, of the following agreements, documents, instruments and other items:

(a) a joint written instruction to the Escrow Agent authorizing and instructing it to make the disbursements provided for in *Section 1.07*, duly executed by BDMC, the Shicks and the Shareholders;

(b) if VVD is purchasing the Real Property, a copy of the Real Estate Agreement duly executed by the Shicks if not previously delivered and all of the closing deliveries required to be delivered by the "Seller" to VVD pursuant to the Real Estate Agreement, duly executed by the Shicks;

(c) a notice signed by BDMC and to be filed with the Racing Commission immediately following the Closing, irrevocably withdrawing the BDMC Application;

(d) agreements executed by each Shareholder and by the direct and indirect owners of Merit and their respective Affiliates agreeing not to compete, without the consent of VVD, in any form of gaming or pari-mutuel racing within one hundred fifty (150) miles of VVD's harness horse race track and gaming facility for a term commencing on the Closing Date and ending on the earlier of (x) the date that is five (5) years after the opening of a gaming facility on the Racing License site, or (y) six (6) years after the Closing Date; provided however, that the foregoing shall not apply to (i) any equity interest (whether convertible or otherwise) in a bingo parlor or interest in a lottery ticket dispenser currently owned by any of the Shicks, (ii) any equity interest (whether convertible or otherwise) in a publicly traded company that comprises less than one percent (1%) of such company's outstanding equity interests, (iii) any interest of Merit, TALC, LLC or Joseph J. Canfora in a gaming or pari-mutuel racing manufacturing business or a gaming or pari-mutuel racing financing (whether by lease or otherwise) business, and (iv) any non-controlling interest of Merit in Planet Bingo;

(e) a release, duly executed by each of the Shareholders and by each of the direct and indirect owners of Merit and their respective Affiliates, releasing VVD and its Affiliates from and with respect to all claims and liabilities they or

any of them may have arising out of the litigation and administrative proceedings relating to the Racing License;

(f) a Certificate of Good Standing of BDMC issued by the Secretary of State of the Commonwealth of Pennsylvania, dated within thirty (30) calendar days of the Closing;

(g) copies of resolutions adopted by the Board of Directors of BDMC authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, certified to be true, complete, correct and in full force and effect by the Secretary of BDMC;

(h) true and complete copies of the certified articles of incorporation of BDMC, including all amendments thereto, certified as true, complete and correct by the Secretary of BDMC, and a copy of the Bylaws of BDMC, including all amendments thereto, certified as true, complete and correct and in full force and effect by the Secretary of BDMC;

(i) a certificate, dated the Closing Date, duly executed by the Secretary of BDMC, the Shareholders and the Shicks certifying that the conditions set forth in *Sections 4.02(b)* and *4.02(c)* of this Agreement are satisfied as of the Closing Date; and

(j) such other documents as VVD may reasonably request for the purpose of otherwise facilitating the consummation or performance of any of the transactions contemplated by this Agreement or the Real Estate Agreement.

Section 5.03. Deliveries by VVD. Subject to fulfillment or waiver of the conditions set forth in *Section 4.02*, at the Closing, VVD shall deliver (or cause to be delivered) to BDMC, the Shareholders and the Shicks originals, or copies if specified, of the following agreements, documents and other items:

(a) a joint written instruction to the Escrow Agent authorizing and instructing it to make the disbursements provided for in *Section 1.07*, duly executed by VVD;

(b) copies of all the resolutions adopted by the General Partner of VVD authorizing and approving the execution and delivery of this Agreement and of the Real Estate Agreement and the consummation of the transactions contemplated hereby and thereby, certified to be true, complete, correct and in full force and effect by the General Partner of VVD;

(c) a Certificate of Good Standing of VVD issued by the Secretary of State of the Commonwealth of Pennsylvania, dated within thirty (30) calendar days of the Closing;

(d) a release, duly executed by VVD, releasing BDMC, the Shareholders and the direct and indirect owners of Merit from all claims and liabilities they or any of them may have arising out of the litigation and administrative proceedings relating to the Racing License;

(e) true and complete copies of the certified certificate of limited partnership of VVD, including all

amendments thereto, certified as true, complete and correct and in full force and effect by the General Partner of VVD, and a copy of the limited partnership agreement of VVD, including all amendments thereto, certified as true, complete and correct and in full force and effect by the General Partner of VVD;

(f) a certificate, dated the Closing Date, duly executed by the General Partner of VVD certifying that the conditions set forth in *Sections 4.01(b)* and *4.01(c)* of this Agreement are satisfied as of the Closing Date;

(g) if VVD is purchasing the Real Property, a copy of the Real Estate Agreement, duly executed by VVD if not previously delivered; and

(h) such other documents as BDMC may reasonably request for the purpose of otherwise facilitating the consummation or performance of any of the transactions contemplated by this Agreement or the Real Estate Agreement.

ARTICLE VI.
TERMINATION

Section 6.01. Termination. Notwithstanding anything in this Agreement to the contrary, this Agreement may be terminated at any time (a) prior to completion of the Closing by unanimous written agreement of BDMC, the Shicks and VVD or (b) by VVD on or before August 31, 2007, in the event that the condition set forth in *Section 4.02(f)* is not satisfied or VVD determines in its discretion that there is any claim,

judgment, liability, obligation, responsibility, loss, damage, cost, disbursement or expense of BDMC that is not capable of being eliminated prior to Closing; provided however, that BDMC shall have the right to eliminate, or to demonstrate to VVD's reasonable satisfaction the non-existence of or BDMC's ability to eliminate prior to Closing, any such claim, judgment, liability, obligation, responsibility, loss, damage, cost, disbursement or expense within two (2) Business Days of notice thereof and in any event on or prior to August 31, 2007.

Section 6.02. Effect of Termination. In the event this Agreement is terminated pursuant to *Section 6.01*, all rights and obligations of the parties shall terminate without any liability of a party to the other parties, BDMC may proceed with the BDMC Amended Application and VVD may proceed with the VVD Amended Application; *provided, however*, that the rights and obligations of the parties set forth in this *Section 6.02* and *Section 9.02* of this Agreement shall survive the termination of this Agreement indefinitely. If at the time that this Agreement is terminated, VVD has deposited the Escrow Amount into the Escrow Account, the Escrow Agent shall promptly return the Escrow Amount and all accrued interest thereon to VVD. In addition, if this Agreement is terminated at any time prior to VVD's deposit of the Escrow Amount into the Escrow Account, the Escrow Agent shall promptly return the Real Property Transfer Documents to the Shicks. If this Agreement is terminated for any reason, VVD shall not use or disclose any information obtained by it in the course of its due

diligence investigation pursuant to *Section 1.08* to the detriment of BDMC before the HRC or in any other proceeding relating to the issuance of the Racing License or before the Pennsylvania Gaming Control Board or in any proceeding relating to the issuance of a license issued by the Pennsylvania Gaming Control Board.

ARTICLE VII.
CERTAIN COVENANTS REGARDING REGULATORY MATTERS

BDMC, the Shareholders and the Shicks hereby voluntarily and forever waive, and hereby agree not to assert, any objection, appeal, hearing right or other right to challenge the issuance to VVD of the Racing License, so long as VVD has not breached its obligation to fund the Escrow Account, makes timely payment of the funds required by *Section 1.07(a)(iii)* and *(iv)* of this Agreement and this Agreement remains in effect.

ARTICLE VIII.
OTHER AGREEMENTS

Section 8.01. Taxes. The Shicks and VVD shall split 50%/50% and timely pay all Taxes and all recording and filing fees that may be imposed by reason of the sale, transfer, assignment or delivery by the Shicks of the Real Property hereunder or in connection with the Real Estate Agreement. Each Shareholder shall timely pay all Taxes that may be imposed by reason of

the consideration payable to such Shareholder pursuant to *Section 1.05(b)*.

Section 8.02. Development of Adjacent Ground. The Real Property is part of a larger 550-acre tract owned by the Shicks. The Shicks intend to retain the portion of the remaining acreage that does not constitute the Real Property (the "*Adjacent Ground*") for future development. The Shicks agree to develop the Adjacent Ground in a manner consistent with first class residential, retail, office or other commercial uses, including entertainment, hotel and resort facility uses and shall not permit any gaming activities to be conducted on the Adjacent Ground. In addition, VVD and the Shicks agree that except with respect to a hotel or hotels integrated into and part of the same structure with an indoor water park located on the Adjacent Ground (the "*Water Park Project*"), VVD's consent shall be required with respect to the development or rebranding of any other hotel located on the Adjacent Ground, which consent may be withheld for any rational reason, including without limitation, the potential impact to VVD's gaming, pari-mutuel racing and related operations. Prior to execution of the Real Estate Agreement, VVD and the Shicks shall mutually agree on aesthetic appearance and architectural guidelines (the "*Guidelines*") to be imposed on the Adjacent Ground (including in connection with the Water Park Project), which, among other things, shall provide that any hotel developed or operated on the Adjacent Ground will not be a budget hotel brand, including without limitation, Days Inn, Sleep Inn, Motel 6 or

Comfort Inn. The Shicks represent, warrant and covenant that they are the owners in fee simple of the Adjacent Ground, have the authority to make the agreements set forth in this *Section 8.02* and agree to document the rights and limitations contained herein in a mutually agreeable instrument (the "*Adjacent Ground Instrument*") to be executed by August 31, 2007, and placed of record with respect to the Adjacent Ground that is either superior to or will not be disturbed by any Encumbrances on the Adjacent Ground.

Section 8.03. Indemnification.

(a) For seven (7) years after the Escrow Deposit Date (the "*Indemnity Deposit Period*"), each of the Shareholders, jointly and severally, agrees to indemnify, defend and hold harmless VVD and its officers, partners employees, Affiliates, agents, attorneys and successors and assigns (collectively, the "*Indemnitees*"), from and against any and all expenses (including reasonable attorneys' fees), liabilities, losses, costs, judgments, fines, damages (including punitive damages), penalties and settlement amounts (including all interest, assessments and other charges paid in connection therewith or in respect thereof) (collectively, "*Damages*") incurred by Indemnitees or any of them resulting from, arising out of, or relating to any assets or liabilities of BDMC, the Shares of BDMC to be purchased by VVD under this Agreement or VVD's ownership of BDMC following the Closing or any breach by the Shareholders or the Shicks of any representation or warranty set forth in this Agreement or the Real Estate Agreement.

(b) Any Indemnitee who suffers or incurs any Damages shall promptly advise the Shicks as agents for the remaining Shareholders (the "*Indemnitors*") in writing of the amount of such Damages and of any claim made or threatened by any third party against any Indemnitee for which any Indemnitee would be entitled to indemnification hereunder.

(c) The Indemnitors shall undertake the defense of all proceedings for which any Indemnitee may be entitled to indemnification hereunder with counsel acceptable to such Indemnitee. Indemnitees shall have the right to elect to join in such defense with counsel of their choice at their sole expense; *provided, however*, that it shall be at the expense of the Indemnitor if (i) the Indemnitor does not undertake the defense of the proceeding within thirty (30) days after any such Indemnitee provides notice pursuant to this *Section 8.03*, (ii) in the sole reasonable judgment of any such Indemnitee, the Indemnitor fails to diligently pursue such defense, or (iii) in the sole reasonable judgment of any such Indemnitee, a conflict of interest exists between the Indemnitor and such Indemnitee.

(d) The Indemnitors shall pay to the Indemnitee in cash the amount to which the Indemnitee may become entitled by reason of the provisions of this *Section 8.03* within fifteen (15) Business Days after such amount is finally determined either by mutual agreement of the parties, or if disputed, by a court of competent jurisdiction pursuant to *Section 9.12* or, in the case of Damages arising from or relating to a Proceeding, the date on which both

such amount and Indemnitor's obligation to pay such amount have been determined by a final, non-appealable judgment of the trial court or administrative body having jurisdiction over such Proceeding. Notwithstanding the foregoing, for so long as any amounts remain in the Escrow Account, any amount to which an Indemnitee may become entitled as a result of this *Article VIII* shall be paid to such Indemnitee from amounts on deposit in the Escrow Account as provided in the Escrow Agreement.

Section 8.04. Merit Net Worth. In addition, Merit agrees to, and the Merit Partners agree to cause Merit to, maintain during the Indemnity Deposit Period and for any period thereafter in which an indemnity claim is pending, a net worth equal to a minimum of an amount equal to the product of Merit's Pro Rata Share multiplied by the Indemnity Deposit.

ARTICLE IX.
MISCELLANEOUS

Section 9.01. Public Announcements. No party to this Agreement shall make any public announcement of the transactions provided for, in, or contemplated by this Agreement or the Real Estate Agreement unless the form and substance of the announcement are mutually agreed upon by each party, which agreement shall not be unreasonably withheld, conditioned or delayed, or unless public disclosure is necessary to comply with applicable Laws.

Section 9.02. Costs and Expenses. Whether or not the transactions contemplated by this Agreement and the Real Estate Agreement are consummated, except as otherwise expressly provided herein, each of the parties shall bear all expenses and costs incurred by it in connection with this Agreement and the Real Estate Agreement and the transactions contemplated by any of them, including, without limitation, the fees and disbursements of any legal counsel, independent accountants or any other Person or representative whose services have been used by such party.

Section 9.03. Further Assurances. From and after the date of this Agreement, the parties shall cooperate reasonably with each other in connection with any steps required to be taken as part of their respective obligations under this Agreement or the Real Estate Agreement, and shall: (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of transactions contemplated by this Agreement and the Real Estate Agreement.

Section 9.04. Addresses for Notices, Etc. All notices, requests, demands and other communications that are required or may be given pursuant to the terms of this Agreement shall be in writing, and delivery shall be deemed sufficient in all respects and to have been duly given as follows: (a) on the actual date of service if delivered personally; (b) at the time of receipt of confirmation by the transmitting party if by

facsimile transmission; (c) at the time of receipt if given by electronic mail to the e-mail addresses set forth in this *Section 9.04, provided* that a party sending notice by electronic delivery shall bear the burden of authentication and of proving transmittal, receipt and time of receipt; (d) on the third day after mailing if mailed by first-class mail return receipt requested, postage prepaid and properly addressed as set forth in this *Section 9.04;* or (e) on the day after delivery to a nationally recognized overnight courier service during its business hours or the Express Mail service maintained by the United States Postal Service during its business hours for overnight delivery against receipt, and properly addressed as set forth in this Section:

If to VVD:

10 West Market Street, Suite 200
Indianapolis, Indiana 46204
Attention: Kurt Wilson
Facsimile: 317-656-8780
E-mail: kwilson@
centaurgaming.net

With a copy to (which copy shall not constitute notice hereunder):

Ice Miller LLP
One American Square, 31st Floor
Indianapolis, Indiana 46282
Attention: Stephen J. Hackman
Facsimile: 317-592-4666
E-mail: Stephen.hackman@
icemiller.com

If to BDMC, the Shareholders,
Merit, the Merit Partners
and the Shicks:

Carmen W. Shick
2959 Benjamin Franklin Parkway
Edinburg PA 16116

Facsimile: (724) 654-9397
E-mail: cwshick@aol.com

With a copy to (which
copy shall not constitute
notice hereunder):

Meyer, Unkovic & Scott LLP
1300 Oliver Building
Pittsburgh, PA 15222
Attention: Frank G. Salpietro
Facsimile: (412) 456-3293
E-mail: fgs@muslaw.com

Any party may change its address or other contact information for notice by giving notice to each other party in accordance with the terms of this *Section 9.04*. In no event will delivery to a copied Person alone constitute delivery to the party represented by such copied Person.

Section 9.05. Headings. The article, section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 9.06. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement and the Real Estate Agreement, and, in the event of an ambiguity or a question of intent or

a need for interpretation arises, this Agreement and the Real Estate Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement or the Real Estate Agreement.

Section 9.07. Severability. The invalidity or unenforceability of any provision of this Agreement or the Real Estate Agreement shall in no way affect the validity or enforceability of any other provision of this Agreement or the Real Estate Agreement. Wherever possible, each provision hereof shall be interpreted in such a manner as to be effective and valid under applicable Law. In case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision or provisions shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability, without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

Section 9.08. Entire Agreement and Amendment. This Agreement and the Real Estate Agreement, including the Exhibits, Schedules, agreements and documents referred to and incorporated by reference herein and therein, contain the entire understanding of the parties with respect to the subject matter of this Agreement and the Real Estate Agreement. There are no representations, promises, warranties, covenants or undertakings other than those

expressly set forth in or provided for in this Agreement and the Real Estate Agreement, including the Exhibits, Schedules, agreements and documents referred to and incorporated by reference herein and therein. This Agreement and the Real Estate Agreement, including the Exhibits, Schedules, agreements and documents referred to and incorporated by reference herein and therein, supersede all prior agreements and understandings among the parties hereto with respect to the transactions contemplated by this Agreement and the Real Estate Agreement, including the Exhibits, Schedules, agreements and documents referred to and incorporated by reference herein and therein. This Agreement may not be amended, supplemented or otherwise modified except by a written agreement executed by each of the parties hereto.

Section 9.09. No Waiver; Cumulative Remedies. Except as specifically set forth herein, the rights and remedies of the parties to this Agreement are cumulative and not alternative. No failure or delay on the part of any party in exercising any right, power or remedy under this Agreement or the Real Estate Agreement will operate as a waiver of such right, power or remedy, and no single or partial exercise of any such right, power or remedy will preclude any other or further exercise of such right, power or remedy or the exercise of any other right, power or remedy. To the maximum extent permitted by applicable law: (a) no claim or right arising out of this Agreement or the Real Estate Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the

claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of that party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the Real Estate Agreement.

Section 9.10. Parties in Interest. Nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any Person other than BDMC, VVD, each of the Shareholders, each of the Merit Group and each of the Shicks, and their respective heirs, successors and permitted assigns.

Section 9.11. Successors and Assigns; Assignment. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective Affiliates, heirs, successors and permitted assigns. Neither BDMC, any of the Shareholders, any of the Merit Group nor any of the Shicks shall have the right to assign or delegate his, her or its rights or duties hereunder or under the Real Estate Agreement, in whole or in part, without the prior written consent of VVD, which consent shall not be unreasonably withheld; provided however, that any such assignment or delegation shall not relieve the assigning or delegating party of any of its duties hereunder or thereunder. VVD (a) may, without any prior notice to or consent of BDMC, any of the Shareholders, any of the Merit

Group or any of the Shicks, assign or delegate, in whole or in part, its rights and duties hereunder or under the Real Estate Agreement to any Affiliate of VVD or at any time after Closing, to any Person and (b) shall have the right, prior to Closing, to assign or delegate, in whole or in part, its rights and duties hereunder or under the Real Estate Agreement with the written consent of BDMC, the Shareholders and the Shicks, which consent shall not be unreasonably withheld, conditioned or delayed. Except as expressly set forth herein, nothing in this Agreement shall confer any claim, right, interest or remedy on any Person (other than the parties hereto) or inure to the benefit of any Person (other than the parties hereto).

Section 9.12. Governing Law; Jurisdiction and Venue.

(a) ***Applicable Law.*** The Laws of the Commonwealth of Pennsylvania shall govern the creation, interpretation, construction and enforcement of and the performance under this Agreement and the Real Estate Agreement and all transactions and agreements contemplated by any of them, as well as any and all claims arising out of or relating in any way to this Agreement or the Real Estate Agreement, notwithstanding the choice of law rules of any other state or jurisdiction.

(b) ***Court Proceedings.*** Any action or Proceeding permitted by the terms of this Agreement to be filed in a court, which the action or Proceeding is brought to enforce, challenge or construe the terms or making of this Agreement or the Real Estate Agreement, and any claims arising out of

or related to this Agreement or the Real Estate Agreement, shall be exclusively brought and litigated exclusively in the Court of Common Pleas of Lawrence County or the United States District Court for the Western District of Pennsylvania. For the purpose of any action or Proceeding instituted with respect to any claim arising out of or related to this Agreement or the Real Estate Agreement, each party hereby irrevocably submits to the exclusive jurisdiction of the the [sic] Court of Common Pleas of Lawrence County or the United States District Court for the Western District of Pennsylvania. Each party hereby irrevocably waives any objection or defense which it may now or hereafter have of improper venue, forum non conveniens or lack of personal jurisdiction. Each party further irrevocably consents to the service of process out of such courts by the mailing of a copy thereof, by registered mail, postage prepaid, to the party and agrees that such service, to the fullest extent permitted by applicable laws, (i) shall be deemed in every respect effective service of process upon it in any suit, action or Proceeding arising out of or related to this Agreement or the Real Estate Agreement and (ii) shall be taken and held to be valid personal service upon and personal delivery to it. Nothing herein contained shall affect the right of each party to serve process in any other manner permitted by applicable laws.

Section 9.13. Waiver of Jury Trial. For any action or Proceeding which is permitted under this Agreement to be filed in a court, each party hereby expressly and irrevocably waives any right to a trial by jury in such action or Proceeding, including but not

limited to those actions or Proceedings to enforce or defend any rights under this Agreement or the Real Estate Agreement or under any amendment, consent, waiver, instrument, document or agreement delivered or which may in the future be delivered in connection with any of them or arising from any relationship existing in connection with this Agreement or the Real Estate Agreement. Each party agrees that in any such action or Proceeding, the matters shall be tried to a court and not to a jury.

Section 9.14. Recitals. The parties agree that the recitals to this Agreement are hereby incorporated into and made part of the body of the Agreement as if set forth in their entirety therein.

Section 9.15. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement. Facsimile transmission of a counterpart hereto shall constitute an original hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

"VVD"

VALLEY VIEW DOWNS, LP

By: CENTAUR PENNSYLVANIA, LLC
its general partner

By: /s/Roderick J. Ratcliff
Roderick J. Ratcliff, Manager

"BDMC"

BEDFORD DOWNS
MANAGEMENT CORPORATION

By: _____
Carmen W. Shick, President

"SHICKS"

_____
Carmen W. Shick

_____
Kendra A. Tabak

_____
Kenneth R. Shick III

"SHAREHOLDERS"

Carmen W. Shick

Kendra A. Tabak

Kenneth R. Shick III

* * *